



FORTIS HEALTHCARE LIMITED

Registered Office: Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025

NOTICE

Notice is hereby given that the **Sixteenth Annual General Meeting** of **Fortis Healthcare Limited** will be held on **Saturday, 29th September, 2012** at **11.30 A.M.** at **NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi - 110016**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Gurcharan Das, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Sunil Godhwani, who is liable to retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Justice S S Sodhi, who is liable to retire by rotation and who has not offered himself for re-appointment.
5. To re-appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s S.R. Batliboi & Co., Chartered Accountants (FRN 301003E), retiring Auditors, are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT the vacancy caused by the retirement by rotation of Justice S S Sodhi, and, who has not offered himself for re-appointment, be not filled by the Company for the time being.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT Ms. Joji Sekhon Gill who was appointed as an Additional Director of the Company w.e.f. May 28, 2012 and who holds office pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as “the Act”) upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Act, in writing, proposing her candidature for the office of

director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

“RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, things as may be deemed necessary, to give effect to the foregoing resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Pradeep Ratilal Raniga, who was appointed as an Additional Director of the Company w.e.f. May 28, 2012 and who holds office pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as “the Act”) upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Act, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

“RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, things as may be deemed necessary, to give effect to the foregoing resolution.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 302, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as “the Act”), read with Schedule XIII to the Act and subject to further approval of the Central Government and all other applicable regulatory approvals, consent(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by the authorities while granting such approval(s), consent(s) and permission(s) as may be agreed by the Board of Directors (which expression shall deemed to include any Committee thereof and any person(s) authorized by the Board in this behalf), the approval of the Members of the Company be and is hereby granted for re-appointment of Mr. Shivinder Mohan Singh, as a Director within the meaning of Section 2(26) of the Act, designated

as “Executive Vice Chairman” of the Company, for a period of 3 (three) years, w.e.f. November 13, 2012 on the following terms and conditions :

- A. Total Remuneration: 2% of Net Profits of the Company computed in accordance with Section 198 of the Act, or ₹15,00,00,000 (Rupees Fifteen Crores only) per annum whichever is higher, with the authority granted to the Board of Directors to determine the total remuneration as recommended by the Human Resources and Remuneration Committee and revise it from time to time within the limits stipulated in this Resolution.

Besides the above, Mr. Shivinder Mohan Singh shall also be entitled to the following facilities which shall not be included in the computation of ceiling on total remuneration subject to the Company's policy in this regard from time to time:

- i. Provision of Car for use on Company's business, telephone and other communication facilities at residence;
- ii. Hospitalization and Accident Insurance as per the policy of the Company;
- iii. Encashment of Earned Leave at the end of the tenure.

The value of Allowances & Perquisites shall be taken as per Income Tax Rules, wherever applicable. In the absence of any applicable rules, the Allowances & Perquisites shall be valued at actual cost.

In addition to the above, Mr. Singh will also be entitled to the following benefits as per the policy/ rules of the Company in force from time to time

- i. Company's contribution to Provident Fund;
- ii. Payment of Gratuity and other retirement benefits

and these may not be included in the computation of ceiling on total remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Notwithstanding anything herein above and subject to the terms of the approval of the Ministry of Corporate Affairs, Central Government, where in any financial year during the currency of tenure of Mr. Singh, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Singh the same remuneration as specified above as minimum remuneration.

Sitting Fee:

He shall not be paid any sitting fee for attending Meetings of the Board and/or any of its Committee(s).

General:

He shall be eligible for other facilities and benefits etc. as per rules of the Company from time to time.

He shall be subject to the other service conditions, rules and regulations of the Company from time to time.

He shall not be liable to retire by rotation.

- B. Subject to the superintendence, control and direction of the Board, Mr. Shivinder Mohan Singh shall perform such duties and functions as would be commensurate with his position as Executive Vice Chairman of the Company and as may be delegated to him by the Board from time to time.”

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and to sign, execute and file and/or modify all such forms, papers and documents as may be considered necessary or expedient including appointing attorney(s) or authorised representatives to give effect to this Resolution.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT in conformity with the provision of Article 145 of the Articles of Association of the Company and pursuant to the provisions of Section 309(4) and such other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the Act”) (including any statutory amendment, modification or re enactment to the Act for the time being in force) and subject further to the approval of the Central Government and such other authority(ies) as may be necessary, the consent of the Company be and is hereby accorded for payment of an all inclusive Honorarium to Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga, Non-Executive Directors of the Company for an amount of ₹ 7,50,000 (Rupees Seven Lacs Fifty Thousand Only) per annum for a period of 5 years, commencing from their respective date of appointment.”

“RESOLVED FURTHER THAT an additional Honorarium of ₹ 2,50,000 (Rupees Two Lacs Fifty Thousand Only) per annum, shall be paid to each such Non-Executive Director who is also a Chairman of any Committee(s) of the Board or may become so in future for a period of 5 years, commencing from their respective date of appointment.”

“RESOLVED FURTHER THAT the Board of Directors and Company Secretary of the Company, be and are hereby severally authorized to take all such steps including filing of necessary application with Central Government, Ministry of Corporate Affairs and to do all such acts, deeds and things as may be necessary and incidental for giving effect to the foregoing resolution.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in furtherance and continuation of the Special Resolution passed at the Fifteenth Annual General Meeting of the Company held on September 19, 2011 and in accordance with the applicable provisions, of the Companies Act, 1956 (hereinafter referred to as “the Act”), the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) (including any statutory amendment, modification or re-enactment to the Act or the Guidelines, for the time being in force) and the Articles of Association of the Company and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (the “GOI”), the Reserve Bank of India (the “RBI”), the SEBI and/ or any other competent authorities and subject to such other approvals, permissions, sanctions and any conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including Human Resources & Remuneration Committee of the Board and/ or any persons authorized by the Board or such Committees in this regard) to make necessary additions, alteration(s), modification(s) and/ or variation(s) in the Employee Stock Option Plan, 2011 (“ESOP Scheme”) for facilitating the offer, issuance and allotment, in one or more tranches, such number of stock options/ equity shares and/ or equity linked instruments including any other instruments or securities which could give rise to the issue of equity shares (hereinafter collectively referred to as ‘Securities’) of the Company, through the Employee Welfare Trust to the employees and Directors of the Company, from time to time on such terms and conditions as may be decided by the Board.”

“RESOLVED FURTHER THAT the Company do set up an Employee Welfare Trust, namely ‘Fortis Healthcare Limited Employees Welfare Trust’ (“the Trust”) for the purposes of the revised ESOP Scheme, which would be authorised to hold the Securities of the Company for the benefit of the employees and Directors and grant options to employees and Directors of the Company.”

“RESOLVED FURTHER THAT the other terms and conditions of ESOP Scheme inter alia maximum number of options that can be granted, vesting period, exercise price or pricing formula, exercise period and appraisal process under the ESOP Scheme shall remain unchanged and the options granted under the extant ESOP Scheme shall deem to be granted under the ESOP Scheme, as suitably modified in accordance with the foregoing resolution.

“RESOLVED FURTHER THAT for the purpose of bringing into effect, implementing and carrying out the aforesaid modification, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Company in this regard.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in furtherance and continuation of the Special Resolution passed at the Fifteenth Annual General Meeting of the Company held on September 19, 2011 and in accordance with the applicable provisions, of the Companies Act, 1956 (hereinafter referred to as “the Act”), the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) (including any statutory amendment, modification or re-enactment to the Act or the Guidelines, for the time being in force) and the Articles of Association of the Company and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (the “GOI”), the Reserve Bank of India (the “RBI”), the SEBI and/ or any other competent authorities and subject to such other approvals, permissions, sanctions and any conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded for facilitating the offer, issuance and allotment, in one or more tranches, such number of stock options/ equity shares and/ or equity linked instruments including any other instruments or securities which could give rise to the issue of equity shares (hereinafter collectively referred to as ‘Securities’) of the Company, under the revised Employee Stock Option Plan, 2011 (as modified in accordance with the Resolution no. 11 of this Notice), through the Employee Welfare Trust, to the employees and Directors of the Holding or Subsidiary companies of the Company and/ or to such other persons, as may from time to time be allowed under prevailing laws and rules and regulations and /or amendments thereto from time to time on such terms and conditions as may be decided by the Board.”

“RESOLVED FURTHER THAT the ‘Fortis Healthcare Limited Employees Welfare Trust’ (‘the Trust’) to be created for the purposes of the revised Employee Stock Option Plan, 2011 in accordance with the Resolution no. 11 of this Notice, would be authorised to hold the Securities of the Company for the benefit of the employees and Directors and grant options to employees

and Directors of the Holding or Subsidiary companies of the Company and/ or to such other persons, as may from time to time be allowed under prevailing laws and rules and regulations.”

“RESOLVED FURTHER THAT for the purpose of bringing into effect, implementing and carrying out the aforesaid modification, the Board be and is hereby authorized to make necessary additions, alteration(s), modification(s) and/ or variation(s) in the Employee Stock Option Plan, 2011 and to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Company in this regard.”

**By Order of the Board
For Fortis Healthcare Limited**

Date : August 14, 2012
Place: Gurgaon

**Rahul Ranjan
Company Secretary**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is enclosed herewith and forms part of this Notice.
3. In terms of Clause 49 of the Listing Agreement, the additional information on Directors seeking appointment / re-appointment at this Annual General Meeting has been provided elsewhere in this Notice.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from **“Tuesday, September 25, 2012 to Saturday, 29th September, 2012** (both days inclusive)”.
5. Members are requested to bring their copy of Annual Report to the Meeting.
6. Members / Proxies are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the Meeting Hall. The members who hold shares in dematerialized form are requested to bring their Client Master List / Depository Participant Statement/ Delivery Instruction Slip, reflecting their Client Id. and

DP Id. Nos. for easier identification of attendance at the meeting.

7. Members who hold shares in electronic form are requested to notify any change in their particulars like change in address, etc., to their respective Depository Participants immediately and Members who hold shares in physical form are requested to notify any change in their particulars like change in address, etc. to the Registrar & Transfer Agent of the Company.
8. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
9. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
10. For security reasons, no article/baggage will be allowed at the venue of the meeting. The members/attendees are strictly requested not to bring any article/baggage etc. at the venue of the meeting.
11. Pursuant to Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of Shares held by them. The members holding Shares in physical form and desirous of making nominations may send their nomination request in prescribed form 2B of Companies (General Rules & Forms), 1956 which can be obtained from the Company's Registrar, LINK INTIME INDIA PRIVATE LIMITED at A-40, 2nd FLOOR, NARAINA INDUSTRIAL AREA, PHASE-II, NEAR BATRA BANQUET HALL, NEW DELHI-110028 or download from the Company's Website.
12. Members desiring any information on the Accounts are required to write to the Company at its Registered Office, giving at least 7 days' notice prior to the date of Annual General Meeting to enable the Management to compile and keep the information ready.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6

In accordance with the provisions of Section 256 of the Companies Act, 1956, read together with the Articles of Association of the Company, Justice S S Sodhi is liable to retire by rotation at the ensuing Annual General Meeting of the Company.

Due to his pre-occupation, Justice S S Sodhi has not offered himself for re-appointment. Since no proposal has been received for filling up the vacancy, it is decided not to appoint any director in place of Justice S S Sodhi.

The Board of Directors recommends the resolution as set out at Item No. 6 for approval of the members.

None of the Directors, except Justice S S Sodhi himself, is, in anyway, concerned or interested in the Resolution.

Item No. 7

The Board of Directors of your Company had co-opted Ms. Joji Sekhon Gill as an Additional Director (Independent) w.e.f. May 28, 2012, in terms of Section 260 of the Companies Act, 1956, read with Article 141 of the Article of Association of the Company. The brief resume of Ms. Gill as required under Clause 49 of the Listing agreement is provided elsewhere in this Notice.

As per Section 260 of the Companies Act, 1956, she will hold office upto the date of this Annual General Meeting. The Company has received a notice in writing in terms of Section 257 of the Companies Act, 1956, alongwith a requisite deposit, proposing her candidature for the office of Director of the Company, liable to retire by rotation.

Your Directors believe that with the appointment of Ms. Joji Sekhon Gill, an independent Director, the Company would be immensely benefitted by way of strategic guidance, leadership, wider and more independent perspective in Board's deliberations and decisions.

The Board of Directors recommends the resolution as set out at Item No. 7 for approval of the members.

None of the Directors, except Ms. Joji Sekhon Gill herself, is in any way, concerned or interested in the resolution.

Item No. 8

The Board of Directors of your Company had co-opted Mr. Pradeep Ratilal Raniga as an Additional Director (Independent) w.e.f. May 28, 2012, in terms of Section 260 of the Companies Act, 1956, read with Article 141 of the Article of Association of the Company. The brief resume of Mr. Raniga as required under Clause 49 of the Listing agreement is provided elsewhere in this Notice.

As per Section 260 of the Companies Act, 1956, he will hold office upto the date of this Annual General Meeting. The Company has received a notice in writing in terms of Section 257 of the Companies Act, 1956, alongwith a requisite deposit, proposing his candidature for the office of Director of the Company, liable to retire by rotation.

Your Directors believe that with the appointment of Mr. Pradeep Ratilal Raniga, an independent Director, the Company would be immensely benefitted by way of strategic guidance, leadership, wider and more independent perspective in Board's deliberations and decisions.

The Board of Directors recommends the resolution as set out at Item No. 8 for approval of the members.

None of the Directors, except Mr. Pradeep Ratilal Raniga himself, is in any way, concerned or interested in the resolution.

Item No. 9

Mr. Shivinder Mohan Singh, one of the promoter Directors of the Company, was appointed as the Managing Director of the Company for a period of 3 years w.e.f. November 13, 2009, subject to the approval of the Central Government pursuant to the provisions of Section 269 of the Companies

Act, 1956. Subsequently, Central Government has also conferred its approval for the appointment of Mr. Singh as the Managing Director of the Company vide its Letter No. SRN/A74400516/3/2009-CL-VII dated August 5, 2010.

On recommendation of the Human Resources and Remuneration Committee, in recognition of the valuable services rendered by Mr. Singh, the Board of Directors had, in its meeting held on August 14, 2012, re-appointed him as Managing Director, designated as the "Executive Vice Chairman" for further period of 3 years w.e.f. November 13, 2012, subject to the approval of shareholders of the Company and the Central Government under Sections 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956.

It may please be noted that:

- No Stock Options have been granted to Mr. Singh under "Employee Stock Options Plan-2007" and "Employee Stock Options Plan - 2011" of the Company.
- No severance fees is payable to Mr. Singh in case of termination of his appointment by the Company.

As such the Board of Directors recommends the resolution(s) at Item No. 9 for approval of shareholders.

None of the Directors except Mr. Malvinder Mohan Singh (being related to Mr. Shivinder Mohan Singh) and Mr. Shivinder Mohan Singh himself, is interested in the proposed resolution.

This may also be treated as an abstract under Section 302 of the Companies Act, 1956.

The following additional information as required by Schedule XIII to the Companies Act, 1956 is given below:

I. General Information

- (i) Nature of Industry: Business of providing healthcare services and running multi-specialty hospitals.
- (ii) Date or expected date of commencement of commercial production: The Company was incorporated on February 28, 1996.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NOT APPLICABLE
- (iv) Financial performance (on standalone basis) based on given indicators as per Audited Financial Results for the year ended March 31, 2012:

(₹ in Millions)

Particulars	For the year ended 31.03.2012
Turnover and other income	5,927.59
Net profit after tax	2,013.86

- (v) Export Performance and net foreign exchange collaborations: NOT APPLICABLE
- (vi) Foreign investments or collaborations, if any: NOT APPLICABLE.

II. Information about the appointee

(i) Background details:

Mr. Shivinder Mohan Singh, aged 37 years, has done his MBA with specialization in health sector management from the Duke University Business School, USA. He is an alumnus of Doon School and an Honours Graduate in Mathematics from St. Stephens College, Delhi.

He is having more than 14 year experience in Healthcare Industry.

Mr. Shivinder is on the board of Aspen India. He is also on the board of visitors of Fuqua School of Business, Duke University. Mr. Shivinder is the Chairman of the Membership Committee of FICCI (Federation of Indian Chambers of Commerce and Industry). He has led various healthcare bodies and state level initiatives for the industry. Some of the other positions that Shivinder has held in the past include that of the Chairman of the FICCI Healthcare Committee and the Chairman of FICCI Young leaders (FYL). Shivinder is also on the national board of advisors of the Association Internationale des Etudiants en Sciences Economiques et Commerciales (AIESEC), a global, non-political, independent, not-for-profit organization run by students and recent graduates of institution of higher education.

(ii) Past remuneration drawn:

During the financial year ended March 31, 2012, Mr. Shivinder Mohan Singh drew a remuneration of ₹ 5.39 Crore, in terms of Central Government approval Letter No. SRN/A74400516/3/2009-CL-VII dated August 5, 2010.

(iii) Recognition and Awards/Achievements:

- Young Business Leader Award at NDTV Profit Business Leadership Awards 2010;
- Healthcare Personality of the Year at FICCI Healthcare Excellence Awards-2011;
- Punjabi achievers for the Year 2011 Award by Global Punjabi Society;
- Emerging Business Leader of the Year Award at AIMA Managing India Awards 2012.

(iv) Job profile and suitability

- Works along with the Executive Chairman in ensuring effective operation of the Board and its committees in conformity with the highest standards of corporate governance

- Ensures effective communication with all stakeholders and other relevant constituencies and ensure that the views of these groups are understood by the top management
- Healthcare Specialist and lead on Medical Strategy and clinical governance for the group
- Advises the Executive Chairman in the development of strategy, business development and provide support where required
- Leads the infrastructure development of the company by heading the projects and design division.

Mr. Shivinder Mohan Singh has been shouldering onerous responsibilities and multitude of challenges in overseeing and managing growth (both organic and inorganic) and in synergizing complex operations in an increasingly competitive environment in diverse geographies within the country. Mr. Singh is also providing leadership at the helm of a service organization with people from divergent cultures.

The Company has made consistent progress under the leadership of Mr. Shivinder Mohan Singh, who has successfully established Fortis brand as a synonymous with quality healthcare and service excellence.

His contribution to the Indian Healthcare Scenario is widely acknowledged. His strategy for Fortis and its execution has been recognized by Harvard Business School in the form of a case study. He has been playing an important and active role in shaping the private healthcare space in India. He has also been tirelessly working on getting the private healthcare sector to work closely with the government. He has also worked with leading functionaries within the healthcare sector to set up a national healthcare federation. Shivinder is also keenly involved in various CSR initiatives focused on the girl child, HIV education, providing quality healthcare to rural India to name a few.

(v) Remuneration proposed:

2% of Net Profits of the Company computed in accordance with Section 198 of the Act or ₹ 15,00,00,000 (Rupees Fifteen Crores only) per annum, whichever is higher, with the authority granted to the Board of Directors to determine the total remuneration as recommended by the Human Resources and Remuneration Committee and revise it from time to time within the limits stipulated in the proposed Resolution.

- (vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

The proposed remuneration of Mr. Shivinder Mohan Singh, who is a thorough Professional, possessing invaluable and rich knowledge, experience and insights complemented with the vast business experience, is comparable with Executive Directors of other Companies and is in parity with the Industry Standards for such a responsible position.

- (vii) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

Mr. Shivinder Mohan Singh is related to Mr. Malvinder Mohan Singh, Executive Chairman and holds 11,508 Equity Shares in the Company. Except proposed remuneration as stated above, Mr. Shivinder Mohan Singh does not have any pecuniary relationship with the Company and its managerial personnel.

III. Other information:

- (i) **Reasons for loss or inadequate profits:**

During the Financial Year 2011-12, the Company posted a Net Profit of ₹ 201.39 Crores as against a Net Profit of ₹ 141.81 Crores during Financial Year 2010-11.

The profitability of the Company (FHL) is dependent upon the following factors:

1. The dependence of business on Professionals: With rising competition in the field of healthcare, the demand for professional doctors/nurses/ paramedical staff has gone up and the supply is limited. Due to the same, the industry observes high attrition ratio and to retain the staff or get the same people back, the company needs to keep offering suitable remuneration to these professionals.
2. The Company follows an aggressive growth strategy through organic and inorganic route, which puts pressure to the existing profit margins.
3. New Hospital projects in Healthcare industry involve substantial capital investment and are characterized by long gestation periods, resulting into losses in the initial years and gradual growth of business/ revenue.
4. The healthcare segment is under served in the country and is dependant for growth on the private sector and the Insurance Industry.

- (ii) **Steps taken or proposed to be taken for improvement:**

1. The Company and its subsidiaries have been continuously evaluating various business and ownership strategies (the "Fortis Group"), and various models for raising long-term financial resources by capitalising upon the expertise of the Fortis Group. Consequently, your Company is undergoing an internal corporate restructuring, whereby the business of certain identified hospitals of the Fortis Group will be divided into (i) Clinical Establishments Division; and (ii) Medical Services Division.
2. The Company has proposed an Initial Public Offer of units in a business trust, which would, through its trustee manager on behalf of the business trust, indirectly own the Clinical Establishments Division, on the Singapore Exchange Securities Trading Limited, the proceeds whereof shall be primarily used for repayment of outstanding loans owed to the Company and its subsidiaries and payment of consideration to the Company and its subsidiaries for transfer of their shareholding and interest in its certain subsidiaries.
3. With the support of skilled doctors, dedicated to quality patient care and modern, patient-centric hospital facilities and a Cost-effective business model, the Company expects better and improved cash flows in the future.
4. The Company focuses on high-end quality healthcare services for reducing the average length of stay (ALOS) of the inpatients thereby increasing the average income per bed in use and thus improving the asset turnover ratios.
5. The management has implemented better supply chain management procedures for maximizing efficiencies across various Fortis hospitals. This has resulted in tangible cost savings across all Hospitals.
6. The promoters of Fortis are committed for providing compassionate medical care at the most affordable prices. The Company has also launched low cost health centres in the name of "Rencare" to cater to masses.

Item No. 10

The Non Executive Directors play a very critical and significant role in supporting independent decision making on the board. Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga, also bring in strategic guidance, leadership and an independent view to the Company's Management with discharging their fiduciary responsibilities, thereby ensuring that the Management adheres to highest standards of ethics,

transparency and disclosure. Considering the amount of time spent by the Non-Executive Directors in the deliberations of Board and the valuable guidance given by them to the Management from time to time, it is proposed that in addition to payment of sitting fees, an honorarium should also be paid to Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga, Non Executive Directors on the Board of the Company.

Based on the proposal initiated by the Human Resources and Remuneration Committee, the Board of Directors of the Company in its meeting held on 14th August, 2012, recommended the payment of an honorarium of an amount of ₹ 7.50 Lacs per annum, which amount shall be increased by ₹ 2.50 Lacs per annum in case such Non-Executive Director is also a Chairman of any Committee(s) of the Board of Directors, subject to the approval of the Shareholders of the Company and the Central Government.

As per Section 309(4) of the Companies Act, 1956, the Non-Executive Directors may be paid remuneration by way of a monthly, quarterly or annual payment with the previous approval of the Shareholders and Central Government.

The Board of Directors recommends the resolution as set out at Item No.10 for the approval of the Members as Special Resolution.

None of the Directors, except Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga shall deemed to be interested in the resolution to the extent of the proposed remuneration payable to them.

Item Nos. 11 & 12

The exponential growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its employees. The Company believes that all the employees of the Company and/ or its subsidiaries and / or its holding company are the true stakeholders and should participate in the growth and prosperity of the Company.

Accordingly, in terms of recommendation of Human Resources and Remuneration Committee of the Board of Directors of the Company on May 23, 2011, the Board of Directors of the Company had formulated "Employee Stock Option Plan - 2011" for the benefit of employees and Directors (not being a Promoter or belonging to Promoter Group) of the Company and / or the employees and Directors of its Holding and Subsidiary companies and/ or to such other persons, as may from time to time be allowed under prevailing laws and rules and regulations, which was subsequently approved by the Shareholders of the Company in the Annual General Meeting of the Company held on September 19, 2011 by way of Special Resolution.

The Board of Directors of the Company on August 14, 2012, on recommendation of the Human Resources and Remuneration Committee and subject to the approval of the Shareholders, has approved the proposal to set up 'Fortis Healthcare Limited Employees Welfare Trust' (hereinafter referred to as "Trust") for the purposes of revised ESOP Scheme and for the benefit of employees and Directors entitled to securities under the said Scheme. It is proposed that the options granted under the

extant ESOP Scheme shall be deemed to have been granted under the revised ESOP Scheme and shall be governed under the provisions of the revised ESOP Scheme.

The Trust will administer and implement the ESOP in accordance with the provisions of the revised ESOP Scheme. Further, the Trust shall grant options to the said employees and Directors, in accordance with the directions and recommendations of the Human Resources and Remuneration Committee of the Company.

The Board of Directors recommends the Special Resolutions as set out in Item No. 11 & 12 for the approval of the Members.

None of the Directors of the Company, is, in any way concerned or interested in the resolutions, except to the extent of the Stock Options that may be offered to him/her under the Scheme.

Brief Profile of Directors seeking appointment / re-appointment at the Annual General Meeting:

(a) Mr. Shivinder Mohan Singh

Brief Profile of Mr. Shivinder Mohan Singh is provided in Explanatory Note to Item No. 9 of the Notice.

As on date, he holds 11,508 Equity Shares of ₹ 10/- each, fully paid up, in his own name. He is not holding any other convertible instrument in the Company.

Presently, Mr. Shivinder Mohan Singh is a Director and member of Committees of Boards of the following other companies:

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
1	Fortis Healthcare Holdings Private Limited - Director	—
2	Religare Voyages Limited - Director	— Audit Committee (Member) — Remuneration Committee (Member)
3	Oscar Investments Limited – Director	— Risk Management Committee (Member) — Remuneration Committee (Member)
4	SRL Limited (Previously known as Super Religare Laboratories Limited) – Chairman	—
5	Fortis Clinical Research Limited – Director	—
6	Fortis Hospitals Limited – Director	— Audit Committee (Member) — Management Committee (Chairman) — Remuneration Committee (Member)

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
7	Religare Technologies Limited – Director	–
8	A-1 Book Company Private Limited – Director	–
9	Chetak Pharmaceuticals Private Limited – Director	–
10	Greenview Buildtech Private Limited – Director	–
11	R.C.Nursery Private Limited – Director	–
12	Shivi Holdings Private Limited – Director	–
13	RHC Holding Private Limited – Director	–
14	RHC Finance Private Limited – Director	–
15	Fortis Global Healthcare (Mauritius) Limited – Director	–
16	Fortis Healthcare International Pte. Limited – Director	–
17	Fortis Asia Healthcare Pte Limited – Director	–
18	RHC Holding Pte Limited – Director	–
19	Fortis Healthcare Global Pte Limited – Director	–
20	Fortis Healthcare India Holdings Pte Limited – Director	–
21	Fortis Healthcare Singapore Pte Limited – Director	–
22	The Lanka Hospitals Corporation PLC – Director	–

(b) Mr. Gurcharan Das

Mr. Gurcharan Das, graduated with Honors from Harvard University, U.S.A. and later received the AMP degree from Harvard Business School. Mr. Das is an author and a management consultant and advises a number of companies on global corporate strategy. He held the position of the Chief Executive Officer, Procter and Gamble India from 1985 until 1992, and Chairman and Managing Director of Richardson Hindustan Limited from 1981 until 1985. He was managing director, Procter & Gamble Worldwide (Strategic Planning)

before he took early retirement to become an author, after 30 years of experience of working in six countries. He is on a number of boards in India and abroad. He is on the global advisory boards of Wal-Mart, the American retail giant, and Mars Inc. In India, he is on the boards of Gillette, BNP Pribas, Birla Sunlife, ChrysCapital LLC, and other companies. He is regular speaker to the world's top corporations and has served on the juries of the McKinsey award for the best Harvard Business Review article and the \$500,000 Milton Friedman Prize. Mr. Das serves on several government advisory boards. He is the author of two best selling books, "India Unbound" and "The Difficulty of Being Good". He is a regular columnist for six Indian newspapers and a guest columnist for the Wall Street Journal, Newsweek, Foreign Affairs, and Financial Times.

As on date, he holds 10,000 Equity Shares of ₹ 10/- each, fully paid up, in his own name. He is not holding any other convertible instrument in the Company.

Presently, Mr. Gurcharan Das is a Director and member of Committees of Boards of the following other companies:

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
1	Berger Paints India Limited – Director	–
2	Gillette India Limited – Director	–
3	Shakti Bhog Foods Limited – Director	–
4	Birla Sun Life Trustee Company Private Limited – Director	–
5	Gurcharan Das Consultants Private Limited – Director	–
6	DMI Finance Private Limited – Director	–

(c) Mr. Sunil Godhwani

Mr. Sunil Godhwani is the Chairman and Managing Director of Religare Enterprises Limited (REL). A man with a vision to create a global business of excellence, he is the inspiration to all as he spearheads REL's management and global operations; strategizing and directing it through its next phase of growth.

Mr. Godhwani brings with him strong leadership skills, vigor and a passion for excellence. He believes in nurturing a culture that is entrepreneurial, result oriented, customer focused and based on teamwork. He has given strategic direction to Religare's growth since his joining in 2001. He has been instrumental in establishing Religare's vast network and shaping the Company's strategies in India and abroad. He is

on a constant lookout for taking it to new heights by managing various acquisitions, finding new partners for joint ventures and scouting new avenues for the business. Under his able leadership, Religare Enterprises Limited is India's fastest growing, integrated financial services company with a significant presence in 15 countries across Asia, Africa, Middle East, Europe and the Americas.

He also held the various key positions such as Member of the Economic Policy Council and the Task Force on Indian Financial Markets of the Confederation of Indian Industry (CII), Member of the Executive Committee of the Federation of Indian Chambers of Commerce & Industry (FICCI), Member of the Managing Committee of The Associated Chambers of Commerce and Industry of India (ASSOCHAM). He is also a director on the Boards of various Religare group companies.

He has a diverse and wide-ranging experience of over two decades in managing large scale businesses. A powerful orator and a great motivator, he has been awarded with many awards and accolades. In the year 2008, he was awarded with Outlook Money - NDTV Profit Awards 2008' for "Best New IPO Listing" presented by Mr. C.B Bhawe, former Chairman-Securities & Exchange Board of India, in 2009, he was conferred the "CEO of the year" Award at the CEO CLUBS INTERNATIONAL AWARDS, Dubai and 'Udyog Rattan Award' and Religare Enterprises Limited with 'Excellence Award' by Institute of Economic Studies at Indian Habitat Centre, In 2010, he got, 'India Business Leader of the Year' at the Global Indian Business Meeting hosted by Horasis, in Madrid, Spain and also Best M&A Deal in the Health/ Life Sciences Category" at the 8th Annual M&A Awards held in New York for the 'Acquisition of strategic stake in Parkway Holdings by Fortis Healthcare Ltd'. He is a Prolific writer and speaker at important industry platforms and publications. He continues to play a key role as part of the Indian contingent at the World Economic Forum at Davos. He was speaker at 2010 Buttonwood Gathering held at New York alongside eminent personalities like Vikram Pandit, Stephen Roach and Wilbur L. Ross Jr. also featured in The Economic Times, India's largest business daily, as one of the key people to watch out for in the BFSI space

Born in New Delhi, he completed his schooling from prestigious St. Columba's School post which he went abroad for studying. He holds a B. Sc. Degree in Chemical Engineering and a M.Sc. in Industrial Engineering & Finance from Polytechnic Institute of New York.

As on date, he holds 38,500 Equity Shares of ₹ 10/- each, fully paid up, in his own name. He is not holding any other convertible instrument in the Company.

Presently, Mr. Sunil Godhwani is a Director and member of Committees of Boards of the following other companies:

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
1.	Religare Enterprises Limited – Chairman and Managing Director	– Investment & Borrowing Committee – Chairman – Shareholders' and Investors' Grievance Committee – Member – Committee under Clause 41 of the Listing Agreement – Chairman – Share Allotment Committee – Member – Audit Committee – Member – Compensation / Remuneration / Nomination Committee – Member – Offer Committee - Member – Executive Committee - Member
2.	AEGON Religare Life Insurance Company Limited – Chairman	– Audit Committee – Member – Policyholders Protection Committee – Member
3.	Religare Trustee Company Limited – Chairman	–
4.	Religare Health Insurance Company Limited – Director	– Audit Committee – Chairman – Remuneration / Compensation Committee – Chairman – Allotment Committee – Chairman
5.	Religare Voyages Limited – Director	–
6.	SRL Limited (Previously known as Super Religare Laboratories Limited) – Director	– Remuneration/ Nomination/ Compensation Committee – Chairman – Share Allotment Committee – Chairman
7.	Vistaar Religare Capital Advisors Limited – Director	– Allotment Committee – Member
8.	Religare Technologies Limited – Director	– Restructuring Committee – Member
9.	Milestone Religare Investment Advisors Private Limited – Director	–
10.	Religare Commodities Limited – Director	–

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
11.	Religare Capital Markets Limited – Director	– Remuneration / Compensation Committee - Chairman
12.	Fortis Global Healthcare (Mauritius) Limited – Director	–
13.	Fortis Healthcare International Pte. Limited – Director	– Audit, Risk & Controls Committee – Member – Remuneration and Human Resource Committee - Member
14.	Fortis Asia Healthcare Pte. Limited – Director	–
15.	Fortis Healthcare Global Pte. Limited – Director	–
16.	Fortis Healthcare India Holdings Pte. Limited – Director	–
17.	Lanka Hospitals Corporation PLC – Director	–
18.	Fortis Healthcare Singapore Pte. Limited – Director	–

He is also member of Executive Committee of National Securities Depository Limited on behalf of Religare Securities Limited)

(d) Ms. Joji Sekhon Gill

Ms. Joji Sekhon Gill graduated with a Masters degree in Personnel Management and Industrial Relations from Panjab University, Punjab, India, in year 1988.

Ms. Gill has a rich experience of over 24 years in the field of Global Human Resources and various other business related areas. Her work experience spans across North America, India, Europe and Asia.

She joined KLA-Tencor USA in 1994 and held various roles some of which included roles such as Europe HR Director in July 1999, thereafter, she was appointed as Sr. HR Director Global Generalist Org. KLA-Tencor in August 2001. She moved to Veritas as HR Director Global R&D in August 2004 before joining, Symantec as Sr. Director Global Staffing in May 2005.

Ms. Gill was the Human Resources Director at Microsoft India from April 2006 until June 2012. She has most recently joined DuPont as the Strategic Human

Resources Director.

As on date, she doesn't hold any Equity Shares in the Company. She is also not holding any other convertible instrument in the Company.

Presently, Ms. Gill is a Director and member of Committees of Boards of the following other companies:

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
1	Fortis Healthcare International Pte Ltd – Director	– Human Resources & Remuneration Committee – Chairman

(e) Mr. Pradeep Ratilal Raniga

Mr. Pradeep Ratilal Raniga graduated with a Bachelor of Commerce degree at the University of Durban Westville, South Africa; completed his Post Graduate Diploma in Accounting at University of Natal, South Africa and then successfully completed the Chartered Accountant exams as set by the Institute of Chartered Accountants in South Africa. He also completed the Taxation and Company Law modules at Royal Melbourne Institute of Technology (RMIT) in Melbourne, Australia and the Diploma in Financial Planning in Melbourne, Australia. He is also a member of the Australian Institute of Chartered Accountants.

He has rich experience of over 29 years in the field of accounting, taxation, legal structures, asset protection, financial planning, financing and various other business related areas. He became a Partner of Farrar Jeena & Company (South Africa) in 1984 and then migrated to Melbourne, Australia in 1985. He joined HLB Mann Judd in Melbourne in August, 1985 and became a Partner with the same Company in July, 1988 before becoming a member of the Executive Committee of HLB Mann Judd. At present he acts as a Financial Consultant to various businesses in Australia.

Prior to joining Board of Fortis Healthcare Limited, he was serving as an Independent Director of Dion Global Solutions Limited and Fortis Healthcare International Pte Limited.

As on date, he doesn't hold any Equity Shares in the Company. He is also not holding any other convertible instrument in the Company.

Presently, Mr. Raniga is a Director and member of Committees of Boards of the following other companies:

Sr. No.	Name of the Companies and Designation	Committee Memberships/ Chairmanships
1.	Dion Global Solutions Limited	Restructuring Committee – Member
2.	Condon Townsville Pty Ltd	–
3.	Wulguru Townsville Pty Ltd	–
4.	Malabar Consulting Pty Ltd	–
5.	Malabar Pty Ltd	–
6.	Religare Infotech Pty Ltd	–
7.	Dion Global Solutions Pty Ltd	–
8.	Religare Securities Australia Pty Ltd	Audit, Risk & Compliance Committee – Chairman
9.	Sanders Finance Pty Ltd	–
10.	Shabad Pty Ltd	–
11.	Relsec Nominees No 1 Pty Ltd	–
12.	Relsec Nominees No 2 Pty Ltd	–
13.	Fortis Healthcare Australia Pty Ltd	–
14.	Fortis Healthcare International Pte Ltd	Audit, Risk & Controls Committee - Chairman

**By Order of the Board
For Fortis Healthcare Limited**

Date : August 14, 2012
Place: Gurgaon

**Rahul Ranjan
Company Secretary**



FORTIS HEALTHCARE LIMITED

Registered Office: Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025

ADMISSION SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company/Depositories.

DP ID	Client ID
Regd. Folio No.*	No. of Shares

	Name(s) in Full	Father's/Husband's Name	Address as Regd. with the Company
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

I/WE HEREBY RECORD MY/OUR PRESENCE AT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON 29TH DAY OF SEPTEMBER, 2012 AT 11.30 A.M. AT NCUI CONVENTION CENTRE, 3, KHEL GAON MARG, NEW DELHI-110016

Please (✓) in the box

☐ Member ☐ Proxy

Member's/Proxy's Signature**

* Applicable for investors holding shares in physical form.

** Please strike out whichever is not applicable

— ✂ — — — — — — — — — — ✂ — — — — —



FORTIS HEALTHCARE LIMITED

Registered Office: Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025

PROXY FORM

DP ID	Client ID
Regd. Folio No.*	No. of Shares

	Name(s) in Full	Father's/Husband's Name	Address as Regd. with the Company
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

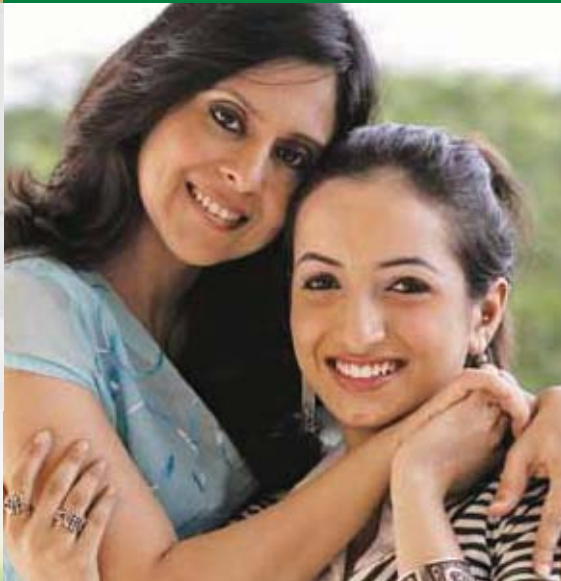
being a member of Fortis Healthcare Limited, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company scheduled to be held on 29th day of September, 2012 at 11.30 A.M. at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016 and/or at any adjournment thereof.

Signature

Affix Re.
1/- Revenue
Stamp

* Applicable for investors holding shares in physical form.

Notes : *The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company situated at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 not later than 48 hours before the commencement of the Annual General Meeting.*



ANNUAL REPORT 2011-12

Over the last decade, Fortis has transformed itself to become one of the fastest growing healthcare networks, going beyond Indian shores. It has gained tremendous respect from patients, partners and stakeholders alike for its focus on delivering comprehensive medical care with warmth and compassion.

The smiling faces from across the globe symbolise our determination to take our special brand of healthcare and wellness to more people without letting boundaries encumber us. Already, the network has grown over much of the Asia Pacific region with facilities in India, Australia, New Zealand, Hong Kong, Vietnam, Singapore, Mauritius, Dubai and Sri Lanka.

The transformation has been radical and the growth inspiring .
And, of course, this is only the beginning!



HEALTHCARE BEYOND BORDERS



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Company Information

BOARD OF DIRECTORS

Mr. Malvinder Mohan Singh, Executive Chairman
Mr. Shivinder Mohan Singh, Executive Vice Chairman
Mr. Balinder Singh Dhillon, Executive Director

NON-EXECUTIVE DIRECTORS

Dr. Brian Tempest
Mr. Gurcharan Das
Mr. Harpal Singh
Ms. Joji Sekhon Gill
Mr. Pradeep Ratilal Raniga
Dr. Preetinder Singh Joshi
Justice Savinder Singh Sodhi
Mr. Sunil Godhwani
Lt. Gen. Tejinder Singh Shergill

GROUP CHIEF EXECUTIVE OFFICER

Mr. Vishal Bali

CHIEF EXECUTIVE OFFICER – INDIA

Mr. Aditya Vij

CHIEF OPERATING OFFICER – INTERNATIONAL

Mr. Eng Aik Meng

COMPANY SECRETARY

Mr. Rahul Ranjan

AUDITORS

M/s S. R. Batliboi & Co., Chartered Accountants, New Delhi

REGISTERED OFFICE

Fortis Healthcare Ltd
Escorts Heart Institute and Research Centre
Okhla Road, New Delhi - 110025
Tel: +91-11-26825000/5001
Fax: +91-11-41628435



OUR HEALTHCARE BUSINESSES ACROSS ASIA-PACIFIC

- >210 Diagnostics Laboratories
- ~ 600 Primary Care Centres
- ~ 191 Speciality / Day Care Centres
- 75 Hospitals
- >4,000 Doctors
- >12,000 Beds
- ~ 23,000 Employees



MAP NOT TO SCALE



Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman

Message from Executive Chairman & Executive Vice Chairman

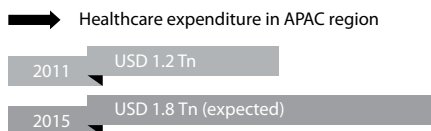
Dear Shareholders,

It gives us great pleasure to communicate with you once again through our annual report for the year 2011-12.

We are in the midst of exciting times in India and the APAC region as a whole, which is fast emerging as the New Healthcare Frontier in the world. In 2011, healthcare expenditure in the APAC region stood at USD 1.2 trillion and is expected to touch USD 1.8 trillion by 2015: a CAGR of 10% for the region and nearly twice the global average of 5.6%. The region's share in the global healthcare expenditure is estimated to grow from approximately 20% in 2011 to approximately 24% in 2015 (*Source - Frost & Sullivan*).

Drivers fuelling this demand include the changing demographics in the region with an ageing population, greater prosperity, higher disposable incomes, higher literacy, education and a markedly greater incidence of non-communicable diseases.

There is also a considerable demand supply gap in high quality healthcare delivery services in the region. Corporatisation of healthcare delivery infrastructure and services in a fragmented sector is a natural outcome and will increasingly be in evidence as we move into the future. The sector will also witness the entry of newer players and at the same time see a net rise in consolidation activity through mergers and acquisitions, as the market starts to coalesce and regional boundaries and barriers begin to shrink and blur.





The year gone by has indeed been transformational for your Company. The main themes that have underpinned our progress have been Internationalisation; Addition of multiple Verticals and Geographies; Integration of the business for greater value; and Consolidation in preparation for the future.

While the opportunity in the Asia Pacific region in itself is compelling, we have always believed that leadership in one's home market is essential for international success. Our substantial India presence has been pivotal in extending our aspirations to the entire Asia Pacific region, which now remains our focus.

We are very pleased with the developments so far and are happy to share with you that the year gone by has indeed been transformational for your company. The main themes that have underpinned our progress have been Internationalisation; Addition of multiple Verticals and Geographies; Integration of the business for greater value; and Consolidation in preparation for the future.

INTERNATIONALISATION

Your Company has always taken bold decisions after carefully evaluating the opportunities

and challenges at hand. This has resulted in our rapid growth and accretion of shareholder value. As you are all aware, our journey in India began with our first hospital in Mohali, Punjab in 2001, with the guiding principle of creating a world-class integrated healthcare delivery system. In the last decade, we have enlisted the finest medical talent and skills available and combined these aspects with compassionate patient care. Today, we have a strong edifice of 68 hospitals in India with a capacity of over 10000 beds; standalone facilities, including Day Care Specialities and a range of diagnostic services under the SRL brand. These give us a comprehensive leadership position in India, with expertise in successfully running multiple healthcare delivery services in multiple markets.

In May 2011, we acquired SRL Ltd, a leading Diagnostics company. Thereafter, we acquired Fortis Healthcare International Pte Limited (FHIPL), in January

2012, for a sum of USD 665 million. This has given us a significant lead in creating an international presence in multiple Asia Pacific markets and in multiple healthcare delivery verticals. It has broadened our reach and capability and given us a strong foothold in high growth markets with a considerably de-risked position in the rapidly evolving healthcare delivery space in the Asia Pacific region. While, we have got access to some of the most valuable healthcare pieces in the region, of greater significance, is that, it has opened up a vast opportunity and given us a head-start in other key growth geographies, in addition to India.

Our international reach now extends to multiple verticals in multiple geographies and comprises:

- **Fortis in India :** Our flagship, with 68 hospitals with a capacity of over 10000 beds; standalone facilities, including Day Care Speciality clinics and



a range of diagnostic services under the SRL brand.

- **Dental Corporation, Australia & New Zealand:** The largest Dental care network in Australia and New Zealand with over 175 practice locations and a growing presence in Canada.
- **Quality Healthcare (QH), Hong Kong:** The largest Primary Care network in Hong Kong with over 600 centres, Day Care Specialities and a strong presence in Diagnostics. In December 2011, QH added to its diagnostics presence by acquiring 70% interest in Central Medical Diagnostic Center Limited (CMDC), a leading diagnostics and imaging group in Hong Kong.
- **Fortis Hoan My, Vietnam:** One of Vietnam's largest private healthcare provider groups with approximately 800 beds across five hospitals in Southern and Central Vietnam, in the cities of Ho Chi Minh,

Da Nang, Can Tho, Min Hai and Da Lat, in addition to four Clinics.

- **Fortis, in Singapore:**
 - **Fortis Colorectal Hospital, Singapore,** a Greenfield Speciality Hospital (opened on 31 July 2012) which is South East Asia's first hospital dedicated to colorectal disorders.
 - **Fortis Novena Colorectal Centre** has out-patient practices that support the Colorectal Hospital, in Singapore.
 - **Radlink Asia Pte Limited:** Fortis Healthcare Ltd acquired an 85% stake in Radlink Asia Pte Limited in January 2012. Radlink is one of the largest out-patient radio-diagnostic and molecular imaging chains in Singapore.
- **Fortis Clinique Darné, Mauritius:** A 110 bed premier hospital in Mauritius

specialising in Cardiac Sciences, Neuro Sciences, Orthopaedics, Pulmonology, Obstetrics & Gynaecology.

- **Lanka Hospitals, Sri Lanka:** Sri Lanka's largest Super Speciality hospital with 350 beds in which your company has a 28.6% shareholding.
- **SRL Dubai:** The largest private pathology diagnostics laboratory in the UAE.

Our goal is to expand access to healthcare in the region, making it available to as many individuals who need it, so that we can have a positive impact on the lives of people. The overriding intent is to use our competencies in delivering healthcare excellence, with compassion and at an affordable price, so that the healing touch is evident in all we do.

We are deeply committed to our vision of making Fortis an institution of excellence through a continuous and rigorous focus on Quality. Quality in the care we provide, the infrastructure within our hospitals and clinics, the competence and experience of our doctors and clinicians, and the depth and width of our strong management team globally, that translates vision into world class healthcare delivery. We want to take the Fortis work practice and ethic beyond geographies, beyond borders, where we can make a positive impact on the delivery of healthcare.

GROWTH IN MULTIPLE VERTICALS AND GEOGRAPHIES

We have been able to aggressively transform our largely hospital centric business, extending our presence to the entire healthcare delivery value chain, with a

significant play in Diagnostics, Primary Healthcare, Day Care Speciality and Hospitals.

With each strategic and bold decision your company has made, it has brought in unique capabilities, assimilated vast experience and today, ranks amongst the very few companies in the world to have the distinction of managing complexity in multiple markets, in an array of healthcare delivery services.

In the last 18 months, we have also put together a talented and formidable leadership team, across markets, adding significant experience, depth and bandwidth to our system. Our line-up of professionally respected doctors and clinical staff include some of the best available medical talent globally, an asset few organisations in the medical delivery space can claim. With the Fortis international healthcare delivery network, now in 10 countries, comprising 75 Hospitals, over 12,000 beds, over 600 Primary Care centres, 191 Day Care speciality centres, over 210 Diagnostic centres and a talent pool of over 23,000 people, your company is uniquely placed to continue to cross leverage the distinctive strengths of its multiple healthcare delivery verticals, across countries and geographies.

The results have been heartening. With the consolidation of the books for all our global businesses, in the last quarter of 2011-12, we have literally doubled the size of our revenues and our operating profit.

INTEGRATION FOR GREATER VALUE

In an operational sense, most of our ventures have been, self-contained and profitable in their own right.



However, the real potential comes alive exponentially, when natural dependencies, within units, can be leveraged in an integrated manner. Our substantial expertise in successfully running single country, single vertical models and multi-country, multi-vertical healthcare delivery services will be most useful in finding and making the right linkages for such greater synergies to roll in.

Growth, following a period of heightened acquisitions, in the last year, has been feverish and it is only logical that we consolidate our operations, regroup our energies before moving forth with even greater speed. Therefore, we see the coming year as a year of consolidation. Of knitting together the businesses and providing a backbone of shared support services. This will help to stabilise processes and usher in greater efficiencies with a net upsurge in value created.

In a multi-country, multi-cultural environment with a service business in a high growth mode, it is vital to find common ground, an anchoring purpose that aligns the organisation to its overarching goals. We are present in different geographies, in different verticals and at different stages of the developmental cycle. Having come a long way in our journey and taking cognizance of the changing and evolving healthcare scenario, the leadership team felt it important to collectively deliberate on the globally unifying fundamental drivers of the organisation, that propel it forward. These are our Shared Purpose, our Shared Vision, and our Shared Set of Global Values. All these aspects bring meaning to our existence and have been clearly articulated. Our Purpose as an organisation is in – “Saving and Enriching Lives” which drives us in pursuit of our Vision “To be the global leader



in the integrated Healthcare space”; supported by our Values, our guiding beacons of “Patient Centricity, Integrity, Teamwork, Ownership and Innovation.” All these aspects bring meaning to our existence. These principles are at the core of everything we do as an organisation. They guide our actions and decisions all the time and help to align the entire organisation in its endeavours.

CONSOLIDATION

Importantly, a rapid scale-up also requires balancing, optimisation and integration of operations, assets and resources so that longer term priorities and objectives can be secured. In continuation with our strategic intent to align the Company with globally recognised best practices and trends, and to manage and mitigate the challenges of growth, we are exploring an innovative, cost effective, asset

light business model that will allow us to strengthen our balance sheet and focus on what we do best.

Our plan is to transition to an asset light model and for this purpose, we have restructured the Indian company into two business divisions, viz. the clinical establishments division and the medical services division. Additionally, your Company evaluated various options for long-term financial resources, including through listing of the clinical establishments division on a suitable stock exchange.

After evaluating various commercially feasible options, your Company has proposed an initial public offer, of units in a business trust, being the Religare Health Trust (RHT). RHT would (through its trustee-manager acting on its behalf) ultimately indirectly own the clinical establishments division. The initial public offer (IPO) of the

units of RHT would be subject to market conditions and other considerations. Subsequent to the IPO, your Company’s ownership of units of RHT would stand diluted by up to a maximum of 74%. Such de-consolidation of the clinical establishment division would, through the IPO, lead to a reduction in the overall debt of the Fortis Group.

CONCLUSION

In conclusion, we believe this has been a transformational year and we feel extremely gratified with the pace of growth and change. We wish to assure you that we remain deeply committed to our Vision, resolute in our pursuit of excellence. We take this opportunity to thank you, our shareholders, for your continued and enthusiastic support, as partners, in our journey to create global leadership in the integrated healthcare delivery space. Our superordinate goal is to alleviate human suffering through healthy lifestyle advocacy and the ethical treatment of illness. We will continue to seek your support in this journey and, in turn, commit our energy to the creation of a fulfilling future.

Warm regards,

Malvinder Mohan Singh
Executive Chairman

Shivinder Mohan Singh
Executive Vice Chairman



OUR GUIDING SPIRIT



– Late Dr. Parvinder Singh
Founder Chairman, Fortis Healthcare Limited

To create a world-class integrated healthcare delivery system, entailing the finest medical skills combined with compassionate patient care

BOARD OF DIRECTORS



FROM LEFT TO RIGHT Balinder Singh Dhillon, Pradeep Ratilal Raniga, Eric Graveline (Director, Fortis Healthcare International Pte Ltd.), Harpal Singh, Malvinder Mohan Singh, Shivinder Mohan Singh, Joji Sekhon Gill, Lt. Gen. Tejinder Singh Shergill, Justice Savinder Singh Sodhi, Sunil Godhwani, Gurcharan Das, Dr. Preetinder Singh Joshi, Dr. Brian Tempest



Vishal Bali
Group Chief Executive Officer

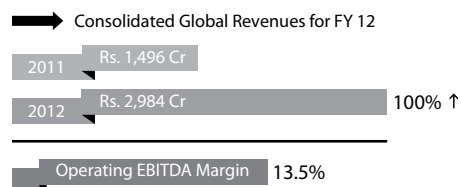
Message from Group CEO

Dear Shareholders,

2011 was a significant year in the growth and evolution of your Company as we achieved major milestones.

Your Company completed the acquisition of Fortis Healthcare International Pte Limited (FHIPL) and consolidated its financials, in the last quarter of the year, into Fortis Healthcare Limited. The overall operating performance of the company for the year has been positive with key businesses and geographies contributing to all round robust growth. Revenues and operating profits in the last year have doubled, reflecting the early strength of the integrated business model and the expanding value this will bring to our stakeholders. The consolidated Global Revenues for FY12 grew 101% to ₹ 2,984 Crore, compared to ₹ 1,496 Crore in FY11. The operating EBITDA also increased by 100% to ₹ 403 Crore, representing an EBITDA margin of 13.5%. Following the consolidation of FHIPL, in Q4FY12, the India and the International businesses, contributed equally to the revenue and operating profitability of the company in the said quarter.

In 2011, the Company made strategic investments that expanded the scale of its business and multiplied its growth opportunities. As a result, your Company has attained a well-balanced portfolio of businesses in new healthcare verticals in the developed and emerging markets across 10 countries, including India, Australia, Hong Kong, Singapore, Vietnam, and the UAE amongst others. This has also enhanced the company's capabilities in the key speciality areas of Cardiology, Neurology,





The integration of the India and International businesses is paving the way for a larger and stronger healthcare delivery organisation that allows your Company to compete globally. Each asset added has been evaluated strategically for its potential to build, grow and transform the business, to add value in multiple ways...

Orthopaedics, Oncology and Urology. In Singapore, your Company launched the speciality Fortis Colorectal Hospital, the first of its kind in South East Asia. Soon, it will be commissioning its largest and most advanced hospital in Gurgaon, India.

With this, the Company's rich multi-dimensional portfolio of healthcare businesses spans the verticals of Diagnostics, Primary care, Day Care Speciality and Hospitals. This positions it favourably as a leading integrated healthcare delivery organisation in the Asia Pacific region.

If there is one word that defines the management's priorities for the current year, it is "Integration", the underlying theme that pervades all operations. The integration of the India and International businesses is paving the way for a larger and stronger healthcare delivery organisation that allows your Company to compete

globally. Each asset added has been evaluated strategically for its potential to build, grow and transform the business, to add value in multiple ways, including the creation of new competencies and the possibility to leverage them in other parts of the organisation and in other markets. The focus of the company to continue to build growth and value in both its India and International businesses is beginning to reflect in the positive operating performance on both sides.

Growing seamlessly, while integrating new acquisitions to drive immediate and long term value, is at the core of all that we pursue. The ability to transform acquisitions as in the case of Quality Healthcare (QH), the largest primary healthcare Company in Hong Kong, is noteworthy. Steps have been taken to expand the leadership team and competence at QH resulting

in consistent revenue and margin growth. Building on the primary healthcare foundation of the Company, QH has expanded the scope of the clinics to deliver speciality healthcare in Neurology, Orthopaedics, Endocrinology and Dermatology.

The Company has also established a strong presence in the fast growing radio-diagnostics market in Hong Kong to become the largest provider of private radiology services to the island. Besides, Fortis is also looking at a hospital opportunity to unlock the full potential of its presence in this market. In essence, over the last year, your Company has grown from a single vertical presence to three verticals in Hong Kong, demonstrating its ability to drive results, in each of its acquisitions. Similar improvements are currently underway across all parts of the organisation in the Asia Pacific.



The Company has added management depth and bandwidth, expanded clinical domains, set up new and incremental infrastructure to make its new assets perform rapidly as expected by the shareholders. The speed with which the teams are assimilating and transforming these assets and, more importantly, the precision with which they are executing the strategy in each one of them, is exemplary and will unlock value.

With people and vertical competencies, your company now has the right assets and strategies in place to create a leadership position. Its scorching pace of growth is a strong indication of the Company's confidence in the future and its renewed ambition for the years ahead. The focus on India will continue to be as rigorous and vigorous as in the past and the Company will expand both its hospital and diagnostics

businesses. The Company is on schedule to add approximately 1500 new beds across four new hospitals in India in the coming year.

Similarly, on the International side, there is a significant opportunity to strengthen the position of these assets within their own eco-systems and in their individual geographies while expanding into new verticals in these geographies.

As the team integrates the Company's businesses across geographies and verticals, there will be many opportunities to realise synergies of scale and scope at a global level. A global supply chain function is being instituted to realise significant gains from aggregated volume purchases of consumables, pharmaceuticals, medical technologies and other materials.

A global shared services function has also been set up to manage all global backend

processes and services. This will allow the Company to seamlessly assimilate and integrate its global assets, institutionalise standards and improve service levels across the chain, unlocking efficiency at a lower cost and, in the process, delivering economic value to its stakeholders.

We expect to maintain this momentum as we continue to drive operating and financial excellence and build value in each of the Company's businesses.

As a healthcare company, our core revolves around delivering better patient care and optimising the clinical skills and knowledge of our doctors. To synergise efforts, medical teams from India are sharing experiences with their professional colleagues in Vietnam and Sri Lanka. Similarly, teams in Singapore are collaborating with teams in Hong Kong. We will continue to accelerate the cross leveraging of the entire clinical talent pool, so that we can embed



the best practices in clinical and patient care across the network. We have also consolidated the management teams of the hospitals and diagnostics businesses under a single leadership to give a unified direction to our India business.

A lot has been achieved but much still needs to be accomplished. To further this aspect and in order to continue the growth momentum with a focus on profitability, an asset light model is under active consideration.

We remain resolute in our commitment to nurture excellence and have planned on building the brand, global scale, innovations and delivery platforms to capture key cost synergies and drive efficiencies. We will demonstrate our innovativeness in bringing the best healthcare solutions to the patients and their families in the Asia Pacific region. FY13 will, therefore, be a year of consolidation and optimising the profitability of the company.

I am proud to represent the 23,000 Fortisians, across the globe, whose passion and hard work create value for your Company each day. Our people power is diversified by nationality, ethnicity, skill and thought and we take pride in the strength that comes from this diversity.

I would like to take this opportunity to thank all our shareowners for their on-going support and the Board for its continued guidance.

We are determined to keep your Company at the forefront of the healthcare industry.

Sincerely,

Vishal Bali
Group Chief Executive Officer



Aditya Vij
Chief Executive Officer - India

Message from CEO - India

Dear Shareholders,

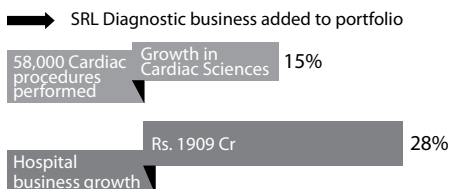
I have great pleasure in communicating to you that our India operations performed exceedingly well in FY 2012. India continues to remain an important and integral part of our strategy.

Revenues from our hospital business grew 28% to ₹ 1,909 Crore. Our operating EBITDA climbed to ₹ 280 Crore, an increase of over 39%, over last year. We added the Diagnostic business of SRL to our portfolio. Post-acquisition, including SRL, total revenues from India, were ₹ 2,342 Crore with an operating EBITDA at 13.7%.

Going forward, our intent is to leverage the strengths of the SRL network to not only add value to in-house diagnostic capability at our hospitals but to also grow this franchise externally, both in terms of capability and complexity of test procedures.

We successfully launched key projects under our MedEx Transformers initiative, including a state-of-the-art ambulance service and a medical excellence score card, significantly improving our service delivery to our patients.

We strengthened our key specialities of Cardiology, Orthopaedics, Neurosciences, Renal Sciences, Pulmonology and Gastroenterology, across the country. Cardiac Sciences grew at a healthy 15%, representing 33% of the total revenue of our hospital business. Approximately 58,000 cardiac procedures were successfully performed, during the year. All other key specialities continued to perform exceedingly well with growth rates of over 25%.





We have had a fine tradition of medical expertise in the country and our doctors are highly regarded for their knowledge and professional acumen around the world.

Average Revenue per Operating Bed (ARPOB) improved from ₹ 81 lakhs in FY11 to ₹ 93 lakhs in FY12, signifying increasingly sophisticated and complex procedures being undertaken at our hospitals. Occupancy stood at 73% for FY12 compared to 72% in FY11.

Our focus on quality ensured that most of our hospitals continue to receive prestigious accreditations. Fortis Hospitals in Amritsar and in Nagarbhavi, Bangalore received NABH accreditation for the first time, while Fortis Hospital, Mohali and Fortis Escorts Hospital, Jaipur received NABH reaccreditation. Fortis Hospital, Mulund, Mumbai, successfully received Joint Commission International (JCI) accreditation for the third time.

We have implemented standardised patient satisfaction reporting across our key hospitals. We continue to monitor our patient feedback, and strive for

continuous improvement in patient satisfaction.

As we further expand our medical programmes, Fortis Hospital, Noida successfully commenced a Liver Transplant programme for the first time in the state of Uttar Pradesh. Fortis Escorts Hospital, Faridabad launched a Neuro Sciences ward and performed its first successful kidney transplant procedure. New medical programmes such as Fortis Acute Stroke Programmes (FAST), Weight loss clinic, Diabetics Care programme, and IVF and Fertility programmes were started across several of our hospitals. Such programmes give a fresh lease of life to patients, who are severely challenged by their illness. Our major network hospitals initiated Stem Cell therapy to improve the outcomes and patient safety. In our pursuit of continuing education and academic excellence, Diplomate of the National Board of Medical

Examinations (DNB) programmes were started in Anaesthesia, Paediatrics and Gastroenterology in some of our hospitals.

In addition, India's first successful Percutaneous Transcatheter Aortic Valve Implantation (TAVI), a non-surgical, Cath Lab based heart valve replacement procedure, was performed by a team of senior doctors at Fortis Escorts Heart Institute, New Delhi. This minimally invasive procedure does not involve a cardiopulmonary bypass, bringing down risk factors and reducing recovery time. This is an extremely valuable procedure, especially in the case of older patients suffering from severe stenosis for whom open heart surgery is not recommended.

Bengaluru's first hip replacement surgery using Delta Motion technology (un-cemented total hip replacement with ceramic on ceramic articulation) was done on a 23 year old boy by a team of doctors



in Fortis Hospital at Bannerghatta Road. Also, a rare case of Multiple Laminotomy and Decompression of infected cervical spine was successfully operated upon by our team of doctors at Fortis Hospital, Anandpur in Kolkata.

We launched CritiNext (Tele ICU), a proposal for the integration of over 500 beds within three years, to provide distinctive patient care to the population in Tier 2 and Tier 3 cities. The initiative - "CritiNext – Converging Critical Care" intends to bridge the demand-supply gap of trained manpower in ICUs in hospitals in remote areas. It will also help improve the skill set of the clinicians and nurses in these cities. Patients would be monitored and managed by clinical experts from the Fortis Escorts Central Command Centre. The three phase project will witness the integration of 150 beds in the first phase. Fortis Escorts has gone live with the project at Raipur and

Dehradun and plans to add one facility every month.

Another milestone was the launch of Fortis International Centre for Robotic Surgery (Fortis ICRS) at Fortis Escorts Heart Institute. It offers comprehensive robotic surgery procedures in cardiac, thoracic, urology, gynaecology, general, head & neck surgeries and orthopaedics. This science introduces micro millimetre precision in the way surgeries are conducted. Robotic Surgery is extremely useful in high risk operations where it is vital to conserve neighbouring tissue and protect it from any collateral damage.

Clinical expertise was further demonstrated with many more innovative procedures that were performed to save patient lives. All these represent significant strides that your hospital network has made in realising the enormous potential of medical science in

improving the overall quality of human life.

Many patients require lifelong care and repetitive assistance in ensuring that they live life comfortably and normally. To address this need, we initiated the move of routine procedures such as dialysis to stand-alone neighbourhood centres. We launched Renkare, our branded chain of dialysis centres to further enhance patient proximity and our reach in meeting the rising demand for quality renal dialysis in the country.

We also launched Fortis General Hospitals, our secondary care format focused on making reliable and affordable healthcare accessible to a larger section of the population in Tier 2 and Tier 3 towns. Our endeavour is to make more of these available across the country so that many more patients have access to quality healthcare at price points that they can afford.

We aim to significantly enhance our existing bed capacity with plans afoot to open new hospitals in a number of cities such as Hyderabad, Chennai, Bengaluru and others. We look forward to the expected commissioning of the company's flagship quaternary care hospital in Gurgaon in Q2 this year. The hospital will have many firsts to its credit and will set a new benchmark for state-of-the-art medical care not only in India, but across the world.

We have had a fine tradition of medical expertise in the country and our doctors are highly regarded for their knowledge and professional acumen around the world. This, coupled with the high level of medical care at



our hospitals, is causing many overseas patients to seriously consider India for their treatment needs as a destination of choice. Consequently, our revenues from international patients were up 28%, over the previous year at ₹ 135 Crore.

We continue to make serious efforts directed at informing and educating patients internationally of the high quality procedures, medical facilities and hospitals available in our network. Your Company also set up representative information offices in Pakistan, Bangladesh, Oman, Afghanistan, Iraq, Uzbekistan, Nigeria, Sudan and Uganda and is working with specialists in over thirty countries to channel overseas demand as more and more patients begin to make informed decisions and look to India for their medical needs.

We are very pleased that our expansion beyond the shores of our country has been vigorous and is now taking an integrated

path. We are instituting ongoing exchange programmes in medical and other disciplines that will continue to cross pollinate best practices and learning across the network.

Personally, it is most gratifying to see that we as a company have been able to bring hope and a smile to our patients, in their quest for a healthier life. We have had a great year behind us, supported by our 13,000 strong workforce in the India hospital network. Our aggressive expansion plan has been reinforced by a proactive recruitment strategy and a continuous inflow of quality talent. We strengthened our medical programmes across all our hospitals with recruitment of new talent and best-in-the-field doctors in Neurology, Gastro Sciences, Cardiac Sciences, Orthopaedics and others. We are proud of our over 3,500 clinicians working at our hospitals, including empanelled doctors. We have

created a robust bench strength of qualified hospital administrators for our network of hospitals. Building people capability remains an organisational imperative and I have no doubt that they will continue to play a pivotal role in our ability to grow and deliver consistent results.

As we gear up for the year ahead, and embark on our journey for this financial year, we will continue our focus on medical excellence, quality processes and patient-centric healthcare.

I take this opportunity to thank all of you for your support during the year and hope to enjoy the same in the years ahead.

Warm regards,

Aditya Vij
Chief Executive Officer - India



Eng Aik Meng
Chief Operating Officer - International

Message from COO - International

Dear Shareholders,

The year 2011-12 has been satisfying with the transformation of our International business being swift and exciting.

As part of the acquisition of Fortis Healthcare International Pte Ltd (FHIPL), we added a hospital chain in Vietnam; Quality Healthcare, a primary and day care speciality network in Hongkong; and Dental Corporation, the largest provider of dental care service in Australia and New Zealand. We have also extended our dental care presence in Canada and bolted on a diagnostic imaging network in Singapore.

Today, we have a comprehensive business across Asia with a presence in nine countries and multiple healthcare verticals.

Additionally, we have also initiated a global supply chain management programme and a shared services project. These global projects will focus on centralised procurement and achieving process efficiencies in the coming years.

As we consolidated our numbers in the last quarter of 2011-12, the rapid pace and extent of international expansion became increasingly evident and immediately visible. Today, revenues from our International operations stack up equally alongside our India operations. This is a major leap of faith and is reflective of the speed with which we have expanded.

During the year, the Company's dental network in Australia has grown by 25 to a total of over 175 practices. This further consolidates our leadership position in the dental space in Australia. Building on this strong foundation, we started our foray into Canada in September 2011 and amassed a total of 15



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sites in eight months. Though recent economic conditions have dampened business performance, the team has continued to reinvent itself, developing new marketing initiatives and intensifying interactions with our practice principals to a much more personal and operational level.

Apart from expanding and restructuring the Operations and Marketing teams, we have launched the new Practice Marketing Toolkit. This toolkit serves to centralise the marketing function at a country level, providing new and innovative marketing initiatives. The year ahead will be an exciting one as we target organic growth opportunities, in the areas of centralised procurement and practice management.

In Hong Kong, we reviewed and improved the performance visibility of our medical centres and clinics under Quality Healthcare (QH). With a clear goal to enhance the care, QH opened its first Sports Medical Centre in November 2011. The centre is one

of the few practices with an in-house pain management specialist. Additionally, QH also built up its vertical capabilities, venturing into the diagnostics imaging space in Hong Kong.

The Company's first Diagnostic and Imaging Centre opened in April 2011, providing a full range of services including MRI, computed tomography, X-Ray, ultrasound, mammogram, bone densitometry, health screening and other medical laboratory services. During the year, QH further strengthened its presence in this segment by acquiring a 70% interest in Central Medical Diagnostic Center Limited (CMDCL), a leading diagnostic and imaging group in Hong Kong. This investment has tripled our market share and is the first step to consolidate our leadership position in the diagnostic and imaging market of Hong Kong.

The Hong Kong business has witnessed a consistent improvement in performance through FY 12 and we look forward

to fulfil our commitment to bring the best medical and professional services to our clients through the introduction of speciality clinics and premium clinical services.

Comprising five hospitals and four clinics, we are one of the largest private healthcare providers in Vietnam. The robust network, coupled with Fortis' expertise in running tertiary care hospitals, promises opportunities to integrate and grow. We officially opened our flagship, Fortis Hoan My Saigon premier hospital, in Phan Xich Long, Ho Chi Minh City on 31 March 2012. The new 228 bed hospital will provide quality healthcare for the community that is increasingly demanding proven healthcare standards.

FY13 will be a focal year for our Vietnam operations as we look forward to strengthening our positions in all our locations, focusing in the area of operational efficiencies and process improvements. The team is excited and ready to bring patient care to the next level.



Back at our International headquarters in Singapore, we made our latest acquisition in the largest local private diagnostic imaging network, Radlink Asia. This latest addition to the international arm brings to us strong capabilities in advanced diagnostic imaging technologies built on a strong specialist referral network and a robust in-house IT platform. We perform more than 500 scans daily ranging from X-Ray, computed tomography, MRI, ultrasound, SPECT and PET-CT. Beyond this, we are now one of the key players in the nuclear medicine sector with our own cyclotron that has the capability to produce multiple radiotracers.

We also opened the Fortis Colorectal Hospital in Singapore on 31 July 2012. This speciality hospital is the first of its kind in South East Asia. Putting together a team of the best colorectal surgeons, a dedicated administrative team and state-of-

the-art facility and equipment, Fortis Colorectal Hospital is well positioned to deliver best in class patient experience. The hospital will also publish clinical outcomes. The hospital witnessed a soft launch in mid June 2012 and patients have responded positively to the quality of our services. We have also signed a memorandum of understanding with Medtronics on 5 July 2012 to establish Medtronic's first Centre of Excellence in South East Asia for pelvic floor disorders.

At a global level, it is also important for us to capitalise on the scale that we have today in the Fortis network. As part of our consolidation efforts, we are embarking on a global supply chain project to further enhance the value that we derive from our vendors and suppliers. We are looking forward to our first e-auction in July 2012. The new global centralised procurement structure will also streamline

the negotiation and purchasing process. A global shared service project is also in the pipeline to consolidate our Human Resource and Finance & Accounting functions. Apart from moving towards global systems, we are also actively looking to standardise and integrate these functions to a single location.

FY12 has provided a solid foundation for our businesses across Asia Pacific. The focus in the coming year will shift towards consolidation and integration. With multiple businesses progressing on different stages of growth, it is crucial that we make a deliberate attempt to align our businesses and position them for growth. It is imperative that we focus on providing the best care for all our patients. At the same time, we are meticulous with our workflow planning and resource allocation to deliver optimum operational performances.

Our people are always at the core of what we do and what we stand for. Across the network, our staff is passionate and dedicated in delivering the best clinical outcomes and patient experience. The clinical and management talent that we have today gives us great excitement and confidence about the future.

I would like to take the opportunity to thank you, our stakeholders, for joining us in this extremely satisfying and rewarding journey.

As we look forward to growing our presence in Asia and beyond, I hope to have your continued support in the years ahead.

Warm regards,

Eng Aik Meng
COO - International





Fortis Hospital, Mohali

The Global Face of Fortis

Our Presence

	Diagnostics	Primary Care	Specialty Day Care	Hospitals	
				Secondary Care	Tertiary Care
Australia/NZ			✓		
Hong Kong	✓	✓	✓		✓
Singapore	✓		✓		✓
India	✓		✓	✓	✓
Vietnam		✓		✓	✓
Mauritius					✓
Dubai	✓				
Sri Lanka					✓

- ✓ Present
 ✓ Evaluating Entry

FORTIS HEALTHCARE LIMITED

Fortis Healthcare Limited is a leading, integrated healthcare delivery provider in the pan Asia-Pacific region. The healthcare verticals of the company span diagnostics, primary care, day care speciality and hospitals, with an asset base in 10 countries, many of which represent the fastest-growing healthcare delivery markets in the world. Currently, the company operates its healthcare delivery network in India, Australia, New Zealand, Hong Kong, Vietnam, Singapore, Mauritius, Dubai, Sri Lanka and Canada with 75 hospitals, over 12,000 beds, over 600 primary care centres, 191 day care speciality centres, over 210 diagnostic centres and a talent pool of over 23,000 people. Fortis Healthcare is driven by the vision of becoming a global leader in the integrated healthcare delivery space and the larger purpose of saving and enriching lives through clinical excellence.



Fortis Healthcare is a leading, integrated healthcare delivery provider in the pan Asia-Pacific region. It is driven by the vision of becoming a global leader in the integrated healthcare delivery space and the larger purpose of saving and enriching lives through clinical excellence.

INDIA



India is the second most populous country in the world and has emerged as an attractive market for healthcare delivery. The size of the Indian healthcare sector was estimated to be approx USD 68 billion in 2011 and is expected to reach approximately USD 120 billion by 2015, a CAGR of 15%. This space is dominated by a large number of small and medium sized players.

Fortis Healthcare commissioned its first hospital in 2001 in Mohali, Punjab in North India and has expanded to become a network with a capacity of over 10000 beds across 68 hospitals in India. The hospital network in India includes multi-speciality hospitals and super-speciality centres providing comprehensive tertiary and quaternary healthcare

to patients across specialities such as Cardiac Care, Orthopaedics, Neurosciences, Oncology, Renal Care, Gastroenterology and Mother & Child Care. Fortis Healthcare runs one of the largest cardiac programmes in the world, out of India. It also has one of the largest Orthopaedic, Neurosciences and Renal Sciences programmes in India.

Fortis has grown rapidly in India through acquisitions, greenfields, brownfields and management contracts. It consummated the biggest deal in the Indian Healthcare Sector with the acquisition of five properties from Escorts Heart Institute & Research Ltd in 2005. This was followed by another large strategic acquisition, that of the Wockhardt chain of 10 hospitals in 2009, giving Fortis a presence across India, with an employee strength of over 10,000.

Fortis further consolidated its India presence in the healthcare value chain with the acquisition of

Super Religare Laboratories (SRL) in May 2011. SRL being a leader in the organised diagnostics market in India is a complementary fit to Fortis' hospital business. SRL has a strong presence in the country with an established strength of over 210 labs, over 1100 sample collection centres, 21 wellness centres and 23 company owned and operated centres. With the largest base of knowledge workers in the industry, SRL can reach 73,000 doctors across various medical specialities pan India. The company has been renamed as 'SRL Limited' with the brand 'SRL Diagnostics'.

In India, Fortis is widely regarded as a leader in providing quality healthcare services. It has raised the bar for quality standards in the country. Hospitals in the network employ renowned medical doctors and specialists, at par with the best in the world with many of them



being certified by the American Board. It has the highest number of quality-accredited hospitals in India. In recognition of their excellent quality care and patient safety, four hospitals in the Fortis network in India enjoy the coveted Joint Commission International (JCI) accreditation. These include facilities in Mohali, New Delhi, Bengaluru and Mumbai. JCI is the largest accreditor of healthcare organisations in the United States. Additionally, 12 Fortis hospitals in India have received National Accreditation Board for Hospital (NABH) accreditation, the highest national recognition for quality patient care and safety. The NABH recognised hospitals include the Fortis facilities in Noida, Jaipur, Mohali, New Delhi, Amritsar, Faridabad, Mumbai and Bengaluru. Blood Banks at Fortis Hospital Noida, Fortis Escorts Heart Institute and Fortis Ft. Lt. Rajan Dhall Hospital, New Delhi, have also been awarded NABH

accreditation by the Quality Council of India. Two of the Fortis laboratories, at its hospitals in Bengaluru and Mumbai, are National Accreditation Board for Labs (NABL) accredited.

Clinical excellence and patient-centricity are the guiding principles at Fortis. This is reflected in every aspect of the company, beginning from hospital architecture, processes, bed-to-floor space ratio, nurse-to-patient ratio, front office staff, and so on. Fortis Hospital, Mohali, was awarded the American Institute of Architecture Award for its patient-centric design.

Fortis Healthcare provides state-of-the-art medical care to patients with a variety of ailments and medical conditions. It has built a tele-medicine network, which connects each of its facilities, so expert care is never out of reach. In addition, Fortis facilities also work with both private and public partners in the Indian healthcare

industry to provide super-speciality and quality healthcare services. It provides services covering ICU Management, Emergency Resource (ER) Management, OPD Management, Radiology Reporting, Pathology Reporting as well as Training and Education. The use of tele-medicine has provided a much-needed boost to the Indian healthcare sector. It has also allowed the network to expand its presence by extending quality healthcare treatment to the remote areas of Northern India and overseas.

Fortis Healthcare believes in continuous learning, innovation and improvement. For years, the company has been involved in several healthcare and medicinal study projects and offers societal rewards and benefits to researchers.

AUSTRALIA AND NEW ZEALAND



Dental Corporation Holdings Ltd (DC) is the largest owner and operator of dental practices across Australia and New Zealand (ANZ). After partnering with its first practice in Australia in October 2007 and New Zealand in October 2010, DC currently has over 175 practice locations across Australia and New Zealand and enjoys a market share of over 5%.

In August 2011, DC established a joint venture in Canada (DCC) and now has 15 practice locations with a similar number under purchase contracts. DC and DCC target the top 30% of the dental market and have built a reputation as the leading providers of quality



A DC practice in Australia

dental services in their markets. This segment enjoys higher margins, has the best clinicians and is expected to witness good patient demand.

Australia and New Zealand both have a relatively high level of healthcare spend as a proportion of GDP at 7% and 12% respectively compared to the other countries in the Asia Pacific region. The Canadian healthcare spend follows this trend at 10% of GDP. Combined, the Australia and New Zealand dental markets represent an annual spend of over USD 6 billion and the Canadian market, over USD 13 billion. All these markets have developed excellent healthcare infrastructure and advanced, supportive healthcare IT systems.

The dental care spend in Australia, New Zealand and Canada continues to grow, driven by an ageing population, increasing awareness of the

importance of oral health levels and advances in dental technology. Fortis Healthcare is committed to serving the region and to play its part in bringing high quality medical services to the local population.

Dental treatment is predominantly privately funded with differing levels of private insurance across each market. DC operates through a unique partnership model acquiring and partnering with high quality dental practices. The model allows experienced Principal Dentists to focus on dentistry and also retain their clinical autonomy, while DC manages the business functions and provides comprehensive support infrastructure to the practice, such as a streamlined systems-driven approach to processing of accounts payable and payroll and access to the proprietary on-line consumables purchasing system that unlocks buying power for the

practice, giving it a significant price advantage. DC also provides integrated HR, Sales & Marketing and Process Improvement support to its practices.

The company is well regarded amongst the dental fraternity and is the largest employer of graduate dentists in Australia and New Zealand. It runs various training and mentoring programmes for graduate and associate dentists and practice support staff. DC has won several awards including the Australian Business Award 2011, in two categories - Innovation and Enterprise, and the BRW ANZ 2009 Private Business Award for the Fastest Growing Private Business of the Year. The company was also the finalist for the BRW ANZ 2010 Private Business Award in the category of Fastest Growing Private Business of the Year (turnover >\$100m).

With a significant portfolio of practices under its umbrella,



DC has successfully cemented its position as the market leader in Australia and New Zealand and is well on its way to establishing itself in Canada. Since entering the Canadian market in August 2011, the business is expected to replicate the size and success of the Australian and New Zealand business over the next few years.

Business dynamics in the dental industry are rapidly changing. Evolving technology, patient communication and education needs are fast increasing the cost of doing business, making it capital intensive and moving it from privately owned practices to a corporate structure. This, coupled with a generational shift away from an “ownership” to “employment” culture provides the framework for the increasing participation of corporations such as DC, in what has traditionally been a privately owned business model.

HONG KONG



Hong Kong, one of the two Special Administrative Regions (SAR) of China, has an estimated population of 7.1 million and currently spends around USD 13.9 billion on its healthcare needs. This is projected to reach USD 19.8 billion in 2015. Hong Kong has the third highest lifespan in the world after Japan and Singapore. An aging population and higher disposable incomes are expected to lead to the growing demand for quality healthcare services.

Fortis Healthcare has 100% ownership of Hong Kong’s largest private integrated health services company, Quality Healthcare. This positions Fortis favourably as a premier pan-Asian healthcare business that is ready to meet

the ever-rising demand for high quality healthcare in Hong Kong.

There are many synergies and opportunities for Fortis Healthcare and Quality Healthcare (QH) to co-create value. Some of these are in cross referrals, procurement of medical supplies, medical equipment, process management, training, as well as sharing of technical expertise. QH today comprises a network of over 600 primary care centres that include medical centres with multi-specialities/facilities, dental and physiotherapy centres, and a private nursing agency with a database of over 3,000 nurses. It also has one of the largest radiology networks in Hong Kong.

The Company has added Neurology, Dermatology, Orthopaedics and Endocrinology, to its existing portfolio and expanded its presence in the radiology diagnostics market in Hong Kong. QH today delivers a comprehensive range of health and wellness services to patients at every stage of their lives. These include Western Medicine, Psychological Services, LASIK, Aesthetics Centre, Diagnostic & Imaging Centre, Work Injury Rehabilitation, Dental, Nursing and Physiotherapy.

A Patient Satisfaction Survey conducted in December 2011 showed improved ratings for QH at 94%, 10 percentage points higher than its closest competitor. QH has also implemented a Radiology Imaging Sharing Interface with the Hong Kong Hospital Authority to support the Public-Private Partnership programme on radiology services.

As a result of its efforts, QH has won several awards and accolades. It was awarded the





Fortis Hoan My Da Lat Hospital, Vietnam

Caring Company award for three successive years from 2010 to 2012 and the Best Practice award for Operation management, in 2011. It has been conferred with the Reader's Digest Trusted Brands award in 2011 and 2012. In addition to these, it has won awards for Outstanding Knowledge Management (KM) Project, The Asia Pacific Customer Relationship Excellence Awards, and more. The QH Central Laboratory has been accredited by the Hong Kong Accreditation Service.

VIETNAM



One of Asia's fastest growing economies, Vietnam has a population of 89 million and a current low per capita expense on healthcare at

USD 88 per person per year, most of which is incurred individually by its citizens. The national health insurance companies only cover 45% of the population. However, this is expected to grow exponentially with the Government of Vietnam having set itself an aggressive goal of covering 70% Vietnamese citizens under national insurance, by 2015, providing them free access to healthcare. Healthcare services in Vietnam are presently dominated by the public sector, and until 2009, approximately 93% of hospitals were public. There is a growing number of private facilities that are now offering advanced medical care.

Fortis Healthcare has a 65% stake in Hoan My Medical Corporation in Vietnam. The company has been renamed Fortis Hoan My.

Fortis Hoan My today is one of Vietnam's oldest and largest private healthcare providers with four clinics and five hospitals with

a capacity of approximately 800 beds, in the cities of Ho Chi Minh, Da Nang, Can Tho, Minh Hai and Da Lat. During the financial year, the company launched its flagship hospital 'Saigon Premier', a 228 bed hospital, in Ho Chi Minh City. The group has a strong team of professionals with more than 450 empanelled physicians.

Over a span of 15 years, since inception, the facilities have received several awards and certificates including for 'Excellent results in implementing the medical mission plan' from the Ministry of Health Services; "Excellent completed mission" from the Ho Chi Minh City People's Committee; The Quality Management Certificate ISO 9001:2000; The Environment Management Certificate ISO 14001: 2004; and the Gold Cup of Viet Brand for Healthcare from the Vietnam Intellectual Owners Association.

SINGAPORE



Singapore has a highly developed, market-based economy, with a per capita GDP of USD 43,867, in 2010, among the highest in the region. Based on its strong economy and progressive society with world-class healthcare infrastructure, Singapore is today considered a benchmark in healthcare delivery in Asia. With the Government's resolve to further strengthen the quality of health of its citizens, the Singapore healthcare services market presents a significant opportunity.

Fortis Healthcare's businesses in Singapore are represented by Novena Colorectal Centre, the Fortis Colorectal Hospital and RadLink-Asia. It is an emerging force in healthcare, stationed strategically in the region's leading medical hub at a time when healthcare is becoming a critical point of dialogue among governments and citizens. This provides Fortis the unique opportunity to redefine healthcare as it enters the scene with its technology and patient-centred ideas and methods of healthcare delivery.

Fortis Healthcare values deep-rooted partnerships, and this distinctive model enables the company to develop comprehensive, integrated and specialised solutions for patients. Together with its local enterprises, Fortis Novena Colorectal Centre, Fortis Colorectal Hospital and RadLink-Asia, Fortis is favourably placed to render integrated healthcare delivery services, especially to colorectal patients, in Singapore.

Fortis Novena Colorectal Centre

The Fortis Novena Colorectal Centre offers comprehensive and integrated out-patient colorectal care, including genetic testing, treatment of pelvic floor disorders and video assisted anal fistula treatment. This dedicated group practice, with specialised outpatient services, acts as a referral centre for the Fortis Colorectal Hospital.

Fortis Colorectal Hospital

Fortis opened its Fortis Colorectal Hospital, the first and only speciality hospital dedicated to colorectal diseases in Singapore and Southeast Asia, on 31 July 2012.



Fortis Colorectal Hospital, Singapore

The hospital brings together the expertise of some of Singapore's leading colorectal surgeons, in delivering world-class medical and surgical specialist services, specific to colorectal diseases. Focusing only on colorectal conditions, the hospital combines the best of technology and medical expertise, with dedicated and personalised care, to offer patients an optimal experience and superior surgical outcomes. Many of these are minimally invasive procedures that enable faster recovery and require a considerably shorter length of stay at the hospital.

Assuming a leadership position in colorectal diseases management, Fortis Colorectal Hospital, in addition to clinical care, is set to emphasise education and research. The hospital has entered into a partnership with the Institute of Bioengineering and Nanotechnology to jointly conduct research in colorectal

cancer genetics. It has also signed a Memorandum of Understanding with Medtronic, a leading American medical devices company, to establish a Centre of Excellence in faecal incontinence management, the first of its kind in Southeast Asia.

Fortis Colorectal Hospital aspires to be Southeast Asia's leading centre for colorectal diseases, offering comprehensive and integrated colorectal care, including robotic surgery, stapled haemorrhoidectomy, genetic testing for colon cancer, the treatment of pelvic floor disorders and video assisted anal fistula treatment.

RadLink-Asia

Fortis Healthcare entered the diagnostics business in Singapore with the acquisition of 85% stake in RadLink Asia Pte Ltd in January 2012. RadLink's businesses include four diagnostic



Fortis Clinique Darné, Mauritius

imaging centres, one nuclear medicine centre, one cyclotron and radiopharmaceutical facility and a chain of five general practice clinics.

Established in the year 2000, as a general and high field imaging centre, RadLink-Asia Pte Ltd, is Singapore's largest provider of outpatient diagnostic imaging, nuclear medicine and leading radiopharmaceuticals. RadLink's flagship diagnostic imaging centre is located at Paragon Medical at Orchard Road. This flagship centre renders a full range of imaging services to the high concentration of specialists and patients in the area. These include services such as MRI, CT, X-Ray, Ultrasound, Mammography, Fluoroscopy and Bone Mineral Densitometry scans. RadLink also has an integrated radiology information system and picture archival system which allows centralised reporting of its branch centres through broadband

teleradiology. The integration of medical imaging services with Fortis Healthcare's other offerings in Singapore give doctors the tools and information they need to improve patient care.

RadLink's nuclear medicine centre is one of the most advanced PET centres in the region with strong radiopharmaceutical capabilities, supported by RadLink's own cyclotron and radiopharmaceutical facility. This facility is equipped for the production of PET radiopharmaceuticals used in PET imaging of cancer, heart, brain diseases and biomedical and pharmaceutical research.

MAURITIUS



Fortis Clinique Darné is one of the oldest, yet most modern hospitals in Mauritius. Founded

in April 1953 by Dr. Francois Darné, "Clinique Darné" was renamed Fortis Clinique Darné in January 2009; when Fortis Healthcare Limited, joined hands with a diversified Mauritian Industrial Group CIEL (through its subsidiary Noveliflife Limited) to jointly acquire a controlling stake in the largest private hospital on the island.

Strategically located at the centre of the island, Fortis Clinique Darné is a 110 bed hospital, fully equipped with four Operation Theatres, a Cardiac Catheterisation Lab, a 12 bed Critical Care Unit, a 10 bed Neonatal Intensive Care Unit and 15 day care beds. It has a proven track record of over 40,000 interventional procedures performed in the last decade alone. The hospital provides medical and paramedical services across 25 specialities.

Fortis Clinique Darné has one of the finest departments in Cardiac Sciences and Critical Care, and a unique and first-of-its-kind facility "The Nest", dedicated to the health and well-being of the mother and child. With five core specialities – Gynaecology, Obstetrics, Neonatology, Paediatrics, and Critical Care – the hospital provides the best medical facilities on the island. The General Surgery and Orthopaedics departments also feature prominently.

Fortis Clinique Darné is leading the way in establishing Mauritius as a Medical Value Travel destination, having already attracted patients from over 25 countries. Its commitment towards achieving world-class patient care is what distinguishes Fortis Clinique Darné from other healthcare institutions.

DUBAI



According to the “UAE Healthcare Sector Forecast 2012” report, the UAE healthcare industry is expected to grow at a CAGR of over 16% during 2011-2014. A huge influx of expats in Dubai has added to its growing population; this has in turn put tremendous pressure on the healthcare infrastructure. Located in Dubai’s premier Healthcare City, SRL Diagnostics is the first standalone CAP accredited laboratory in the UAE.

SRL Diagnostics has the most comprehensive offering of Diagnostic tests by any laboratory in the UAE. In total, it offers 1500 individual tests across all lab sub-specialties like Molecular Diagnostics, Cyto-genetics, Histopathology, Cytopathology, Immunohistochemistry, Autoimmune Disorders, Immuno-assays, Microbiology (Routine & Specialised), Protein Chemistry, Clinical Chemistry, Haematology, Coagulation and Infectious Diseases. SRL Diagnostics is the only private laboratory in the UAE to have an in-house Cytogenetics department. It has the capability to report on 42% of the tests undertaken, within 24 hours.

SRL Diagnostics has a robust Quality Assurance programme to organise the actions of people, instruments, methodologies and reagents to create a dynamic system of procedures and protocols that assure the quality of laboratory services rendered.



SRI LANKA



The overall healthcare delivery system in Sri Lanka is driven by three institutions: The Ministry of Health, the Trust Hospitals (at provincial levels in key cities) and private sector hospitals. Healthcare spending in Sri Lanka is expected to increase at a CAGR of 13.8% from USD 1.7 billion in 2009 to USD 3.7 billion in 2015 primarily because of an aging population, capital inflows in private healthcare, rising income levels and an increasing burden of chronic diseases in the country.

In January 2012, Fortis Healthcare, through the acquisition of Fortis Healthcare International Pte Limited, became a 28.6% stakeholder in Lanka Hospitals,

a renowned tertiary healthcare delivery provider and one of the biggest hospitals in Colombo, Sri Lanka. The 350 bed hospital is majority owned by the Sri Lanka Insurance Corporation Ltd a Government of Sri Lanka company.

The hospital specialises in cardiology and cardiac surgery, eye, IVF and complex urology and nephrology procedures. It is the only centre in the country to perform the entire range of complicated heart surgeries and has a reputed Kidney Care centre performing a large number of renal transplants. The hospital also offers an entire spectrum of surgeries, from brain, cardiac, thoracic and cardiothoracic, renal, plastic, genitourinary, orthopaedics, cosmetic to bariatric. It is the only hospital in the country to have an ISO certified laboratory and a nuclear medicine unit.



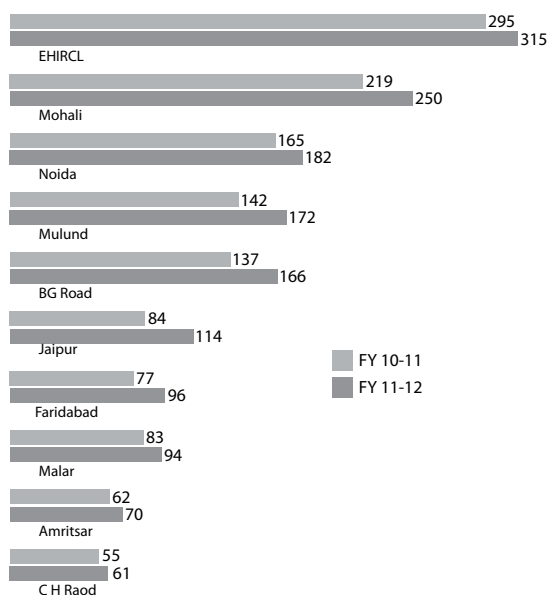


Your Company witnessed a robust growth in operating performance in all its key businesses and geographies. Both India and International businesses contributed equally to the Company's growth. During the year, your Company reported consolidated operating revenues of ₹ 2,984 Crore...

Operations Review

Key Hospital-wise Revenue Performance

Net Revenues (Rs/Cr)



FINANCIAL PERFORMANCE

During the year, the Company reported consolidated operating revenues of ₹ 2,984 Crore, which included revenue of ₹ 642 Crore from the newly acquired Fortis Healthcare International Pte Ltd (FHIPL) (consolidated for January to March 2012) and ₹ 433 Crore from Super Religare Laboratories (SRL), acquired in May 2011. Compared to last year's reported consolidated operating revenue of ₹ 1,496 Crore, this is an overall growth of 100%, on account of FHIPL acquisition and the India business growing at 57%, post the SRL acquisition. The revenue growth for the India hospital business stood at 28%. For the year, the Operating Earnings before Interest, Depreciation, Tax and Amortisation (Operating EBITDA) were reported at ₹ 403 Crore against ₹ 60 Crore (including Parkway transaction costs) in the previous year. EBITDA for the year was reported at ₹ 587 Crore, (+16%) against ₹ 506 Crore in the previous year (including net Parkway income). The net profit for the company stood at of ₹ 72 Crore for the year under review.

A. India Hospital Operations: On a growth path

The India hospital operations continued on a growth path with the revenues increasing by 28% from ₹ 1,496 Crore, in FY11 to ₹ 1,909 Crore in FY12. The Operating EBITDA also grew by 39% from ₹ 202 Crore in FY11, representing a 13.5% margin to ₹ 280 Crore in FY12, representing, a 14.6% margin. International patient revenues for the year stood at ₹ 135 Crore, +28% (approximately 6% of revenues).



The above growth was primarily contributed by improving operating metrics and continued performance at key hospitals. For FY12, the reported ARPOB (Average Revenue Per Operating Bed) was ₹ 93 lac with an occupancy of 73%, as compared to an ARPOB of ₹ 81 lac and an occupancy of 72% in FY11.

Specialities including Cardiac Sciences, Orthopaedics, Neurosciences, Renal Sciences, Pulmonology, Gastroenterology and Oncology performed well. The hospitals across the network in India performed approximately 58,000 Cardiac procedures, over 5,900 Neurological procedures and over 13,000 Orthopaedic procedures. The Company's dependence on cardiac sciences has come down with renal and oncology showing encouraging growth.

To address the need of underserved patient segments, Fortis launched a secondary care format brand "Fortis General". Fortis General will endeavour to provide quality, reliable, accessible, and affordable healthcare predominantly in Tier 2 and Tier 3 cities. Hospitals in Moradabad, Alwar and Jassa Ram in Delhi were brought under this umbrella.

During the year, the Company also launched 'Renkare', a chain of state-of-the-art dialysis centres, to meet the rising demand for quality dialysis. Renkare is currently operational in five locations in North India. It is envisioned to be nine centres strong by the end of 2013. With a standardised dialysis protocol, well trained renal professionals and backend technology procedures, 'Renkare' provides reliable, safe and effective dialysis with meticulously designed services.

B. India Diagnostic Operations: A strategic fit to the India Hospital business

Fortis acquired a strategic stake (approximately 86%) in Super Religare Laboratories (SRL), a leading diagnostic company. The acquisition was in-line with our strategy to become an integrated healthcare player with a presence in all major verticals and to participate in the high growth segments of the healthcare industry. Fortis would hold a approximately 56% equity stake in SRL, post the third round of private equity infusions in the company.

SRL reported revenues of ₹ 433 Crore for the period (11 months) ended 31 March 2012 with an operating EBITDA of ₹ 42 Crore representing a 9.7% margin.

With its pan-India coverage, strong talent pool, a well-established brand and strong logistics, SRL has strong synergies with Fortis' hospital business. SRL further enhanced its pan-India presence by expanding its collection centres from 888 (as on date of acquisition) to over 1100 collection centres as of 31 March 2012 with three new network labs opening in Delhi, Bangalore and Kolkata, during the year.

SRL currently offers approximately 3,300 tests with a focus on high end tests aggregating to more than 1,400 specialised and esoteric tests. The company also strengthened its doctors coverage from 45,000 doctors in FY11 to 73,000 in FY12.



C. International Operations: Our expanding global footprint

The International business, which was consolidated for the three month period ended 31 March 2012, reported Operating revenues of ₹ 642 Crore with an Operating EBITDA of ₹ 81 Crore. The major contributors to International Operations were Dental Corporation, Australia and Quality Healthcare, Hong Kong, which reported revenues of ₹ 359 Crore and ₹ 212 Crore, respectively, for the period under consolidation. The international business now forms almost 50% of revenues, post the acquisition, and provides the following benefits:

- It creates a strong foothold for Fortis in Asia Pacific.
- It expands offerings into new service areas such as primary care and day care speciality including diagnostics and dentistry.

- It extends geographic coverage to eight additional countries (Australia, New Zealand, Hong Kong, Vietnam, Dubai, Canada, Singapore and Sri Lanka) with a wide network of doctors.

Dental Corporation (DC), the largest business of the Company internationally, is also the market leader in Australia and New Zealand with over 175 dental practices currently. During the year, DC acquired 25 practice locations and opened four new greenfield practices in partnership with the existing dentists and undertook eight expansion projects at existing facilities.

Quality Healthcare (QH), the Company's primary care business in Hong Kong, retained its market leader position. QH expanded its presence in the diagnostics space by launching its first Diagnostic and Imaging Centre, providing a full range of services and further built on its diagnostics presence

by acquiring a 70% interest in Central Medical Diagnostic Center Limited (CMDC), a leading diagnostic and imaging group in Hong Kong. The company enhanced its focus on high-end specialty work by adding 12 specialities, viz., Neurology, Orthopaedics, Endocrinology, Urology, Dermatology, etc., and launched a new Orthopaedic Medical Centre to attract high-end patients.



Fortis Escorts Heart Institute, New Delhi

NETWORK UPDATE-INDIA

FORTIS ESCORTS HEART INSTITUTE, NEW DELHI

The hospital won the prestigious Asian Hospital Management Excellence Award 2011, in the Patient Safety category for 'Reducing Surgical Site Infections in Cardiac Surgery Patients'. The hospital was selected out of 315 entries and 84 hospitals, in 11 countries worldwide, vying for the Awards. The jury comprised representatives from the Joint Commission International (JCI), Johns Hopkins Medicine International and the International Hospital Federation.

Doctors at the Fortis Escorts Heart Institute performed India's first successful Percutaneous Transcatheter Aortic Valve Replacement (TAVI). TAVI is an alternative to open heart surgery and is considered a better alternate

since it is a minimally invasive procedure.

Fortis launched Asia's first electronic Intensive Care Unit (eICU) facility – CritiNext, at the Fortis Escorts Heart Institute. The eICU services being offered by CritiNext make speciality critical care accessible and affordable to critically ill patients, in small towns of India. It enables a remote hospital to provide advanced consultation, care and monitoring to their critically ill in-patients without having to physically transfer them to super-speciality hospitals. CritiNext is India's as well as Asia's first eICU and is operational in two hospitals based in Raipur and Dehradun.

The hospital launched India's first Fortis Acute Stroke Treatment (FAST) programme. The standard practices at Fortis Escorts Heart Institute ensure that the patient is treated within pre-set timelines as timely intervention is the key

to better patient survivability and outcomes.

FORTIS HOSPITAL, MOHALI

During the year, the hospital organised 'Cardiomersion - An Integrated Approach to Delivery of Comprehensive Cardiac Care'. It was the Fortis Global Cardiothoracic and Vascular Surgery (CTVS) Conference, the first global conference on Cardiac Sciences.

The hospital also organised the Fortis International Liver Summit. The conference provided a unique forum to clinicians, scientists and researchers to discuss key issues on the theme "Saving Lives from Liver Disease, Globally" and to explore new solutions for related topics based on regional, national and international experiences.

Several first time procedures were performed at the hospital which included Transjugular Intrahepatic Portosystemic Shunt (TIPS); first Bariatric surgery and first ever Elbow Joint Replacement.

FORTIS HOSPITAL, NOIDA

The hospital won the first runners-up award for Operational Excellence, at the Federation of Indian Chambers of Commerce and Industry (FICCI) Healthcare Awards. It also received the second prize for National Energy Conservation amongst hospitals. The prize was instituted by the Government of India.

Fortis Hospital, Noida is the first private hospital in the state of Uttar Pradesh to run a successful liver transplant programme. 14 transplant surgeries have been conducted so far at the hospital, since the programme was launched in December 2010.



During the year, a unique Music Therapy Centre was launched under the guidance of UstadMaa Zila Khan, a renowned *sufi* singer. The centre aims to promote holistic healing through music therapy. It offers supportive treatment that uses music to bring about positive changes in the emotional, psychological and physical health of a person.

The Safe Surgery Initiative was launched in collaboration with the Harvard School of Public Health, under the guidance of Dr Atul Gawande, an eminent surgeon and author of bestselling books like “Checklist Manifesto”, “Better” and “Complications”.

Fortis Hospital, Noida is the first hospital in India to have successfully conducted Minimally Invasive operations for the correction of Pectus Excavatum, a congenital chest wall deformity, also known as funnel chest. The abnormality is seen in about 1 in 500 to 1000 live births.

During the year, the hospital also launched a Neuro Cath Lab for interventional Neurology and Neuro-surgery. Additionally, the hospital started the DNB programme in Radiology.

Fortis Hospital, Noida was the medical partner for the Formula One Car racing event in Greater Noida. Medical facilities were provided in a flawless manner for this, the first such international event held in India.

FORTIS HOSPITAL, MULUND, MUMBAI

The hospital won the Best Orthopaedic Speciality Award in a survey conducted with over 4,000 hospitals and healthcare service providers. Fortis Hospital, Mulund was chosen by consumers, doctors and the jury as India’s Best Orthopaedic Speciality Hospital at the prestigious ICICI Lombard & CNBC TV 18 India Healthcare Awards 2011.

FORTIS HOSPITAL, BANNERGHATTA, BENGALURU

The hospital has been re-certified by the Joint Commission International (JCI) for a period of three years. The hospital will add 200 beds, which includes the beds for the new Oncology department, in a phased manner over a period of three years.

Several complex procedures were performed at the hospital. A patient, with tracheal wind pipe occlusion with failed surgery, was successfully treated through tracheal stenting and fixation. A complex cardiac surgery was performed on a baby whose heart was underdeveloped, had holes in all the chambers and a complex valve problem. A 13 year old boy, suffering from a rare and complicated birth defect known as Exstrophy-Epispadias Complex (genitourinary malformations), was successfully operated for a penile reconstruction surgery.



Fortis Hospital, Bannerghatta Road, Bengaluru

It is the first hospital in the state to perform hip replacement surgery using Delta Motion technology (un-cemented total hip replacement with ceramic on ceramic articulation) on a 23 year old boy.

The hospital is strengthening its IVF programme in Bengaluru and other centres in the system. The hospital started offering surgical treatment option for Uncontrolled Diabetes and Obesity - Bypass Surgery for remission of Type 2 diabetes.

FORTIS ESCORTS HOSPITAL, JAIPUR

During the year, the hospital launched new clinical programmes in Paediatric Cardiac Surgery and Paediatric Cardiology. It also strengthened its other core specialities like Cardiology, CTVS (Cardiothoracic and Vascular Surgery), Gastroenterology, Gastro

Intestinal Surgery, by adding a team of super specialists.

The hospital launched a dedicated day care unit, two Operation Theatres for Neurosurgery and Orthopaedics, one Cath lab and Laparoscopic surgery instruments. Several complex procedures were performed for the first time in Rajasthan. These included endovascular repair for abdominal aneurysm and tubal re-ligation surgery through micro-laparoscopic technique. Arthroscopy and ACL surgery have also been performed using the argon plasma coagulator.

FORTIS ESCORTS HOSPITAL, FARIDABAD

The hospital launched a Gastroenterology Clinic and a Spine Clinic. It also launched a Neuro Sciences ward, a Kidney transplant programme and revamped the Orthopaedics super-speciality depart-

ment. The hospital performed its first successful kidney transplant procedure. The hospital has been empanelled by 21 new corporates in and around Faridabad.

FORTIS MALAR HOSPITAL, CHENNAI

Several complex procedures were performed at the hospital, during the year. A 43 year old woman suffering from Rheumatic heart disease with severe mitral stenosis, with mild to moderate TR, Mild MR, Trivial AR, and moderate pulmonary hypertension, was successfully treated at the hospital. The patient underwent a balloon mitral valvotomy surgery, which is one of the rarest surgeries. Another rare surgery was performed on a 40 year old woman for primary hyperaldosteronism with hypertension. She was treated by a laparoscopic right adrenalectomy.

A team of experts successfully performed surgeries called Transnasal Transphenoidal endoscopic decompression of giant sellar and suprasellar tumor and transcranial subfrontal microscopic excision of the residual tumor on an eight year old boy from Congo, Africa. The boy had a progressive headache for the past two years with intermittent episodes of loss of consciousness. His vision in both eyes gradually deteriorated with near complete loss of vision in the right eye. The boy underwent two complex semi-emergency surgeries to regain his vision.

The hospital received ISO 9001:2008 Certification, which specifies requirements for a quality management system. The hospital tied up with SRL for pathlab services and also received NABH accreditation for its Blood Bank.



FORTIS HOSPITAL, SHALIMAR BAGH, NEW DELHI

It is the first hospital building to receive the “TERI GRIHA” Green Building rating from TERI (The Energy Research Institute). During the year, the hospital launched several programmes in Urology, Joint reconstruction, Bariatric Surgery and In Vitro Fertilisation (IVF). The hospital also launched Ortho Pilot, a computer aided navigation technique for joint replacement surgeries. On completing one year of its operations, the hospital has also launched an IVF centre and a CATH lab.

HIRANANDANI HOSPITAL, VASHI, MUMBAI

Several complex and rare procedures were performed at the Hiranandani Hospital in Vashi, Mumbai. A team of doctors conducted a rare surgery on a

patient with Osteomyelitis of the skull base. The procedure involved the decompression of disease with excision of the skull base, for Dura, Internal carotid artery and Articotomy with mastoidectomy with reconstruction of Attic. Another unique case was the re-operation of a patient with a known case of acoustic neuroma. Yet another, a case of right facial palsy was unable to close the eyelid, hence a gold implant was put in the upper eyelid to save the patient from keratosis.

A complicated surgery termed endo-vascular aneurysm was performed on a patient with infra-renal abdominal aorta aneurysm. A patient, a known case of Hepatic cell carcinoma, was also operated and a complete Hepatectomy was performed.

The hospital launched several new programmes which include Sports Medicine, Trans-Cranial Magnetic Stimulation of the brain, Trans-cranial Doppler/

Electronastagmography (neuro), Brain Haemorrhage Protocol in the stroke unit and Speech & Swallow therapy in Neurology.

FORTIS C-DOC

Fortis C-DOC, Centre of Excellence for Diabetes, Metabolic Diseases & Endocrinology, is a unique state-of-the-art tertiary, referral, research and training centre. It is the first of its kind in India, offering comprehensive solutions for early detection and management of diabetes and related metabolic and endocrine disorders. All these aspects have been brought under one roof. The operation was launched in January 2011, with a vision to create a network of specialised comprehensive diabetic care centres. Currently, it has three centres in Delhi and patients visit these centres not only from the Delhi & NCR but also from other parts of India. More than 30%



cases addressed are from Jammu & Kashmir, Haryana, Uttar Pradesh, Uttarakhand, Bihar, and Assam.

Fortis C-DOC provides services ranging from specialised investigations, therapy for treatment and management of diabetes and other co-morbid problems, consultation by a dedicated consortium of acclaimed experts through advanced centres for the diabetic foot and vascular investigation lab, speciality clinics like Retina lab for diabetic eye, diabetic foot care, hyperbaric oxygen therapy (HBOT) for wound management; amputation prevention centre; vascular disorders and surgery; insulin pump therapy offering continuous glucose monitoring service, lifestyle modification management, etc.

RENKARE

Renkare, a Fortis Healthcare enterprise, is a chain of state-of-

the-art dialysis centres providing services like Haemodialysis, Consultations, Diagnostics and Pharmacy.

Manned by a team of talented and experienced renal specialists and equipped with state-of-the-art equipment and technology, Renkare offers Excellence in Dialysis through reliable, safe and effective services in a hygienic and home-like environment. The centres focus on educational programmes to help patients live a reasonably healthy and productive life, even while on haemodialysis. Renkare centres follow standardised, international dialysis protocols, including the unique Water Testing Protocol, combined with a meticulously clean environment and have other comforts like reclining chairs, WiFi connectivity and personal LCD screens for a relaxed dialysis experience. Renkare is currently operational in five locations in

North India, primarily in Delhi & NCR. The vision is to bring a Renkare dialysis centre within easy reach of patients, across the Indian sub-continent, with the goal of providing high quality affordable dialysis to all those who need it.

FORTIS GENERAL

To address the need of underserved patient systems, Fortis launched a secondary care format brand 'Fortis General'.

Fortis General will provide quality, reliable, accessible, and affordable healthcare to the growing middle class. It will primarily (may not be exclusively) focus on cities outside metros and tier-I cities, substantially increasing the geographic and demographic reach of the Fortis healthcare delivery network. It will open up a new segment as more than 46% of the patients in tier II and tier III cities travel over 100kms from small towns and rural areas to seek medical care. Low land cost and availability will also facilitate expansion.

SRL LTD

SRL Ltd is focused on consolidating its leadership position in the country and expanding its presence to new market segments. The company increased its footprint in India with an established strength of over 210 labs, over 1100 sample collection centres, 21 wellness centres and 23 Company Owned and Operated centres. This rapid expansion was simultaneously accompanied with a strong focus on quality diagnostic services which helped to strengthen SRL's equity among doctors and patients.

SRL actively engaged in putting Hospital Implant Labs in hospitals that did not have in-house laboratories. With the largest base of knowledge workers in the industry, SRL expanded its reach to 73,000 doctors across various medical specialities pan India.

During the year, SRL launched 42 new tests in various specialities like Oncology, Neurology, Gastroenterology, Gynaecology and others. A dedicated promotions team was created to develop the market for specialised tests and hospital outsourcing programmes. Mega health campaigns were run to sensitise people about preventive health checks. A new test, “HCP Plus”, specifically targeted at disorders associated with the modern lifestyle, was introduced.

In the wellness segment, SRL strengthened its association with insurers offering health risk assessment, which paved the way for substantial growth. It also firmly established its presence in the Occupational Health Sector with tie-ups with large corporations whilst also actively participating in IAOH Conferences. SRL was re-awarded the contract for testing of 20000 mine workers for a leading mining company.

During the year, SRL's e-pathology service was initiated, where patients can order and pay for tests online, arrange for specimens to be collected from a designated location and receive reports via e-mail. A home collection drive was undertaken for enhanced patient convenience for elderly and severely sick persons. A new business segment, “Companion Diagnostics” witnessed explosive growth last year. The strategy involved partnering with pharmaceutical



companies / FMCG / Patient management organisations where diagnostic solutions from SRL were bundled with their products. SRL organised 58 CMEs and participated in various national level medical conferences like PEDICON'12, AICOG'12, ISHBT and BOGSCON, a rare feat in diagnostic industry. SRL Global Knowledge Forum (SGKF) organised the International Symposium on Molecular Pathology in association with AMP, USA and AIPNA, USA which highlighted the importance of rapidly emerging, highly technical molecular diagnostics. This event was attended by eminent doctors, international scientists and researchers.

Operational integration of SRL Diagnostics (earlier Piramal Diagnostics) was initiated for improving operational efficiencies. Other channel partners were actively engaged in business

development and strategy making process. SRL extended its support to government bodies such as RNTCP & BMC in fighting the outbreak of deadly diseases such as tuberculosis and malaria.

SRL actively engaged in putting hospital Implant Labs in hospitals that did not have in-house laboratories, thus expanding coverage.

CLINICAL EXCELLENCE

- Four robotic urological surgeries including a challenging “Radical Robotic Prostatectomy Surgery” were performed successfully at Fortis Escorts Heart Institute (FEHI), New Delhi. Radical Prostatectomy is a surgery to remove all of the prostate gland and some of the tissue around it, to treat prostate cancer.
- First Transjugular Intrahepatic Portosystemic Shunt (TIPS) procedure was performed at Fortis Hospital, Mohali. This procedure is typically performed on patients suffering from portal hypertension.
- First Bilateral Cochlear Implantation Surgery was done on a one-and-a-half year old baby girl in Fortis Hospital, Noida.
- A four month old girl from Burundi, Africa was successfully operated for one of the biggest Encephaloceles, a malformation which causes a huge bulk of the brain tissues and membranes to protrude out of the head. She was successfully operated by a team of neurosurgeons at Fortis Hospital, Noida.
- Fortis Hospital, Bannerghatta, Bengaluru became the first hospital in the state to perform a Hip replacement surgery using Delta Motion technology (un-cemented total hip replacement with ceramic on ceramic articulation) on a 23 year old boy.
- A rare brain tumor surgery was performed at Fortis Hospital at Anandpur, Kolkata. The case of schwannoma arising from tentorium cerebelli was only the fourteenth case reported in world literature.
- Fortis International Oncology Services Centre, Noida performed a rare and very complex surgery on a 42 year old man and removed a large tumor (measuring 10x8 cm), from his kidney. The man had only one kidney since birth.
- Fortis Escorts Hospital, Jaipur conducted a first ever “tubal re-ligation surgery” through micro-laparoscopic technique.
- Fortis Malar Hospital, Chennai performed a three and half hour complex open heart surgery on a 23 day old baby and removed Leiomyoma.
- A complex cardiac surgery was performed on a baby whose heart was underdeveloped and had holes in all the chambers and complex valve problems. The surgery was done successfully at Fortis Hospital, Bannerghatta, Bengaluru.
- A rare case of “Multiple Laminotomy and Decompression of infected cervical spine” was treated at Fortis Hospital, Anandpur, Kolkata.
- Fortis Hospital Mohali, successfully performed its first ever elbow joint replacement on a 52 year male patient, who had an old elbow injury for which radial head excision and plating ulna was done.
- A 55 year old male patient from Iraq underwent ‘Deep Brain Stimulation Surgery’ (DBS Surgery) at Fortis Hospital, Noida. The patient was suffering from Parkinson’s disease and DBS Surgery is considered an established modality of treatment in advanced forms of such diseases.
- Fortis Malar Hospital, Chennai, performed a successful surgery on an eight year old boy from Congo, Africa. The boy had a progressive headache for the past two years with intermittent episodes of loss of consciousness. His vision in both eyes gradually deteriorated with near complete loss of vision in the right eye. The doctors discovered that he had huge sellar and suprasellar tumors leading to severe compression on the optic nerve.
- Fortis SL Raheja Hospital, Mumbai successfully performed a rare surgery on a 13 year old patient, from Bangladesh, affected with bone tumor and underwent expandable prosthesis surgery on the left leg.
- Hirnandani Hospital in Vashi, Mumbai performed a specialised ‘peg insertion’ procedure on a 72 year old man suffering from mercury ingestion.
- Hiranandani Hospital in Vashi, Mumbai successfully operated on a 32 week old baby for gastric outlet obstruction (exploratory laparotomy).
- Fortis Hospital in Anandpur, Kolkata performed a second revision Knee Replacement with Rotating Hinge Stemmed Implants (ZIMMER) and Trabecular Metal Cones with allograft, on a 62 year old lady with a history of Rheumatoid Arthritis.
- A rare case of Intracranial Neuroblastoma surgery was done at Fortis Hospital in Anandpur, Kolkata.
- Fortis Escorts Heart Institute (FEHI), New Delhi, performed India’s first successful Percutaneous TAVI (Transcatheter Aortic Valve Replacement) surgery.



NETWORK UPDATE- INTERNATIONAL

DENTAL CORPORATION (DC), AUSTRALIA

DC is the largest business of the Company internationally, contributing approximately 28% to the Company's overall revenues. It is the market leader in Australia and New Zealand with over 175 dental practices comprising over 600 chairs currently. The Company entered the Canadian market in FY 12 and established DC Canada in order to expand its presence in this new market. For the period under consolidation i.e. 1 January to 31 March 2012, DC reported net revenues of ₹ 359 Crore while for the full year proforma revenues stood at ₹ 1,343 Crore.

During FY12, DC acquired 25 practice locations and commenced four new greenfield practices in partnership with the existing

dentists. It also undertook eight expansion projects at existing facilities enabling it to further strengthen its dental network. In order to create a deeper and more comprehensive engagement model with the practices, DC restructured and expanded its Operations and Marketing team. Furthermore, the Company refined and enhanced a number of operational initiatives including Practice Strategy Workshops; The 4P planning process (Practice Performance Planning Programme); Wage Rosters and Revenue Forecaster spread sheets; and comprehensive Practice Business Plans. With a focus on increasing the availability and quality of dental professionals, the Company recruited its second intake of graduate dentists to the DC Graduate programme and expanded the Diploma in Dental Practice Management together with launching the DC Associate Programme.

Refocusing on the Corporate Marketing support model from being reactive to proactive, DC launched a new Practice Marketing Toolkit and introduced a number of new and innovative practice marketing strategies. It completed case studies on the effectiveness of technology-based marketing innovations including the Patient Care Communication Programme (PCCP); Electronic Direct Marketing (EDM); Website strategies; On-line Patient Forms; and On-line Patient recall, reactivation and engagement activities. DC also introduced and implemented a range of new training programmes including the Practice Induction Workshop; The Practice Manager Diploma and The New Graduate Training Workshops. DC re-launched the purchasing portal, a custom built web based tool that makes consumable purchasing more efficient, easier and more cost



effective and witnessed a utilisation rate of 72%, from approximately 50% earlier.

In order to enhance the operational and financial metrics of individual practices, DC organised Practice Management Seminars on Patient Centric Opportunities wherein Practice Principals in addition to the Practice Managers were engaged to directly address staff needs and issues.

QUALITY HEALTHCARE (QH), HONG KONG

Quality Healthcare, the primary care business in Hong Kong, retained its market leader position with approximately 8% market share. QH is the largest integrated primary healthcare service provider in Hong Kong with over 600 primary care centres. For the period under consolidation QH's revenue stood at ₹ 212 Crore, contributing 16% to overall

Company revenues, while for the full year QH reported proforma revenues of ₹ 755 Crore.

During the year, the company enhanced its focus on high end delivery by adding 12 specialities viz. Neurology, Orthopaedics, Endocrinology, Urology, Dermatology, etc., and launched a new Orthopaedic Medical Centre. The addition of these specialities is a strategic fit with the existing primary care network and provides patients with convenient options in case further diagnosis and treatment is required.

Following best practices established by Fortis, QH established and adapted a more rigorous operational and financial approach for business tracking and performance management. This includes greater visibility on the performance of medical centres, doctors, affiliated doctors and business units. QH conducted its first portfolio review of all

medical centres and exited under-performing centres, as well as consolidated excess capacity in "overlapping" centres to improve profitability.

In order to further integrate its presences across the healthcare value chain, the company also expanded its presence in the diagnostics space by launching its first Diagnostic and Imaging Centre, providing a full range of services including MRI, computed tomography, X-Ray, ultrasound, mammogram, bone densitometry, health screening and other medical laboratory services. During the year, QH further strengthened its diagnostics and imaging capabilities by acquiring 70% stake in Central Medical Diagnostic Center Limited (CMDCL), a leading diagnostic and imaging group in Hong Kong.

FORTIS HOAN MY, VIETNAM

Hoan My Medical Corporation is one of the oldest and largest private healthcare providers in Vietnam with an ownership interest in five full service hospitals across Ho Chi Minh City, Can Tho, Da Nang, Minh Hai and Da Lat with a total bed capacity of approximately 800 beds. For the period under consolidation, i.e. 1 January to 31 March 2012, Fortis Hoan My reported revenues of ₹ 43 Crore while for the full year proforma revenues stood at ₹ 158 Crore. The Company has now been re-christened as Fortis Hoan My.

The Post Merger Integration (PMI) team, comprising Operations, Medical and Finance personnel, with Corporate Human Resource (HR), Information Technology (IT) and Legal as support, commenced



implementation activities just after deal consummation. One of the first initiatives undertaken was the setting up of a Medical Connect – for Doctors to share clinical skills and knowledge in their specialties with their fellow doctors at other Fortis hospitals. To streamline and enhance the operational aspects of Hoan My, actions were initiated to establish the Fortis Operating System (FOS) in various hospitals across the network and a review of equipment efficiency parameters was undertaken by biomedical engineering experts from India. Consequent to a pricing review across all hospitals, a differentiated pricing model based on location, geography and patient profile was implemented. A structured set of hospital operational metrics (for eg. occupancy, Average Length of Stay (ALOS), revenue per day) has been introduced and work is underway to improve and make consistent the financial and operating reporting metrics.

RADLINK ASIA, SINGAPORE

RadLink-Asia is one of Singapore's largest private diagnostic and imaging companies with five diagnostic imaging and nuclear medicine centres, one cyclotron and radiopharmaceutical facility and a chain of five general practitioner clinics. For the period under consolidation i.e. February to March 2012, Radlink reported revenues of ₹ 20 Crore, while for the full year proforma revenues stood at ₹ 108 Crore.

Integration of RadLink's accounting, HR and IT functions with Fortis began post its acquisition and is proceeding as per plan. As a part of the operational review post the acquisition, a prudent pricing strategy was put in place wherein prices of all imaging modalities were raised by an average of 5% across all imaging centres whilst simultaneously ensuring that volumes were not impacted.

RadLink is well positioned to provide support for the Company's newly opened super specialty Hospital in Singapore i.e. the Fortis Colorectal Hospital (FCH). It is in the process of licensing and recruiting to establish the hospital's imaging facility and will soon begin radiology scans for the hospital. RadLink has tied up with a large third party healthcare provider in Singapore to provide it with diagnostics/imaging services.

FORTIS COLORECTAL HOSPITAL (FCH), SINGAPORE

This is Fortis Healthcare's first and also Southeast Asia's first and only colorectal hospital. The focus of this speciality hospital on colorectal diseases allows it to offer patients the latest treatments that have been developed specifically for illnesses in this field. This is done through a combination



of cutting-edge technology and the hospital's focus on education and research. This two pronged approach of expertise and innovation ties in well with FCH's service strategy to improve the quality of colorectal treatment in the region. FCH witnessed its soft launch in mid-June (2012) with clinical services (ambulatory/day surgery). Full clinical services, including in-patients and major surgeries, commenced in July 2012.

The hospital held the first workshop on Video Assisted Anal Fistula Treatment (VAAFT) in Singapore, hosting its Italian inventor and other pioneers of this novel, minimally invasive technique for treating complex fistulae. Consistent with the business strategy of being at the leading edge of colorectal surgery, FCH entered into a partnership with the Institute of Bioengineering and Nanotechnology to jointly

conduct research into colorectal cancer genetics.

Separately, our affiliate Fortis Novena Colorectal Centre, in Singapore, offers comprehensive and integrated colorectal care, including genetic testing, treatment of pelvic floor disorders and video assisted anal fistula treatment. This dedicated group practice with specialised out-patient services also acts as a referral centre for the Fortis Colorectal Hospital where advanced cases can be treated.

SRL DUBAI

The Company is a premier pathology lab servicing the outsourcing market in the UAE and the GCC countries. The business comprises of one reference lab in the UAE and seven collection agents in the GCC. For the period under consolidation, the Company reported revenues of ₹ 4.1 Crore, while for the full year proforma revenues stood at

₹ 15.5 Crore. During the year, the Company commenced operations of its Histopathology Department to further strengthen its In-house Test Menu and significantly reduce send outs to India to strengthen its image as a Reference Laboratory. It entered into new markets, viz., KSA, Qatar, Kuwait, and Sudan wherein the agents were finalised and the logistics system was put into place. It further expanded its Sales network across the UAE, Oman, Bahrain, Saudi Arabia and Kuwait. SRL Dubai became the first non-European lab to provide diagnostic services to the Bahrain Defence Force (BDF) Hospital, an autonomous healthcare body for Bahrain's security services.

FORTIS CLINIQUE DARNÉ, MAURITIUS

The 110 bed hospital in Mauritius is amongst the most reputed hospitals in the country and specialises in the areas of Cardiac Sciences, Neuro Sciences, Orthopaedics, Pulmonology and Obstetrics & Gynaecology, among others. During the year, the hospital hosted the second edition of the Cardiac Sciences Congress which included a courtesy visit to the President of the Republic of Mauritius, by renowned doctors from Fortis. This strengthened its reputation as a leader in the Cardiac Sciences and Critical Care segment. The hospital commenced its Centre of Excellence (CoE) in Renal Sciences with the appointment of a senior urologist. It strengthened its offering in Minimal Access Surgery/bloodless surgery through the introduction of the Harmonic Scalpel. The hospital launched a Preventive Health Check programme as an independent SBU, along with

the launch of a modern lounge. During the year, an exclusive Physiotherapy and Rehabilitation wing was established in the hospital. Furthermore, the hospital also launched the Department of Dentistry which offers comprehensive services in radiology (Dental X-ray) and Operation Theatre facilities, including the services of Oral & Maxillofacial surgery and Cosmetic surgery.

LANKA HOSPITAL, SRI LANKA

Lanka Hospital is one of the largest hospitals in Sri Lanka with an excellent brand image as a quality healthcare provider. It is a 350 bed tertiary care, multi-speciality hospital with an emphasis on Cardiac Sciences, Urology, Neuro Sciences, General Surgery, Ophthalmology, Ear-Nose-Throat (ENT), Infertility and Emergency Care Services. While the majority of the stake is owned by Sri Lanka Insurance Corporation Ltd, a Government of Sri Lanka Company, Fortis healthcare owns a 28.6% stake.

HUMAN RESOURCE

In an effort to integrate and build a single operating entity for the India operations, a unified organisational structure was created and rolled out for key functions. In addition to the combined organisation structures, the proliferation of best practices across the network was initiated. We also unfolded plans towards integration by creating a unified grade structure. The next step towards integration will be the roll out of common HR policies and practices across the network.



Talent Management, Succession Planning & Leadership Development:

Values Rollout

Taking a huge step forward towards building a distinctive Fortis culture, the Fortis Global Values were rolled out. These values are – Patient Centricity, Integrity, Teamwork, Ownership, and Innovation. The Fortis Global Values are at the core of

everything we do; guiding our actions and decisions. The Global Values were launched successfully via a 'Live' Webcast across all our businesses and geographies.

Job Analysis & Evaluation (JAE) & Grade Structuring

As a part of this activity, all units across India were classified into five categories viz., Hub, Large, Medium, Small and Satellite, on the basis of specific



parameters. Following the unit classification about 209 unique positions were evaluated on pre-defined parameters resulting in classification of various job roles in comparison with others. A new Grade Structure across the network has been formulated as a consequence and is now being rolled out.

Competency Framework

The Fortis Healthcare India Competency Framework was completed and rolled out. The framework consists of six competencies. Subsequently, the Success Profiles for 13 job families across the Middle and Senior Management levels were developed. With all this work completed, the ground has been set to roll out the Development Centres.

Development Centres

A total of nine Development Centres were conducted for 102

employees in the Senior and Middle Management levels. The employee competencies have been evaluated using four customized tools and independent external assessors. As an outcome of this activity, Individual Development Plans have been created for each participant.

Physician Assistant Programme

This year, the company rolled out the course for the second batch of Physician Assistants. With the objective of bridging the skill gap between the Doctors and Nurses, this one year programme exposes selected nurses to extensive theoretical and practical training, in various clinical specialities. It not only provides an alternative career path to aspiring nurses but also enhances patient experience. The Physician Assistants graduating from this batch will be placed in various clinical specialities in the organisation.

Leadership Development Initiative

The third session of the Leadership Development Initiative was rolled out in November 2011. A total of 27 high potential, high performance employees, participated in this six month course. As a part of this initiative, the participants were exposed to the various functions of hospital operations. They also attended behavioural workshops and completed a project on a topic of organisational importance.

Performance Management

With the objective of bringing increased focus and alignment to organisational performance, employees at all levels were taken through a 'Goal Setting' workshop. During the workshops, organisational KRAs were rolled out and KRAs for each employee were finalised. Prior to the mid-year reviews, 'Performance Management' workshops were conducted for managers and supervisors. The focus of the workshops was to sensitise and train the appraisers on correct appraisal techniques and processes.

FMT Programme

This year also saw the institutionalisation of the Facility Management Trainee Programme. With the objective of building a talent pipeline for business growth, new candidates for potential leadership positions were recruited and trained through this programme. Running over eight weeks, this programme will help to acquaint new employees at middle and senior leadership positions with healthcare operations and the Fortis way. Spread over multiple functions, this programme allows us to expand our reach by recruiting people from



non-healthcare backgrounds and induct them into healthcare. Last year, we recruited and trained eight potential leaders through this initiative.

INFORMATION TECHNOLOGY

To reap the benefits of IT as an enabler, a joint exercise was undertaken by Fortis Business and IT teams along with Infosys. This has led to a 24 month IT Roadmap in Business Architecture, Application Architecture, Information Architecture, Infrastructure Strategy, Technology Choices and Enterprise Architecture Governance for Fortis, globally.

Project NXT

Project NXT is the Integrated Hospital Information System and Financial System that is being implemented to deliver standardised datasets, controls

and processes designed for India Units.

“Project NXT” is now at an advanced stage. The company is proceeding with an integrated platform consisting of TrakCare (the Hospital Information System) and Oracle E-Biz (for automating its commercial processes). The Project will re-engineer processes, e-institutionalise improved processes across different hospitals and automate the standardised processes. Furthermore, it will lead to the centralisation of shared services and provide analytical capabilities to identify and replicate best practices among the network hospitals.

To achieve organisational goals for better patient care through the use of Technology, the IT team is taking up automation initiatives like Patient Tracking within the Hospital using a RFID based Real Time Location System. This initiative is being deployed

for the first time at Fortis Memorial Research Institute, Gurgaon in India.

Additionally, an Inventory Management initiative using Barcoding Technology to ensure right medication and improved inventory control is being deployed.

Going forward, Fortis will set up infrastructure that will enable seamless communication between all countries by consolidating the Internet Website, Email, BlackBerry, Video Conferencing and MPLS network connectivity.

Fortis also plans to implement the Global Financial Consolidation project using Oracle Financials to enable better Financial Governance and provide requisite MIS/Reporting for operational Purposes.



FORTIS OPERATING SYSTEM (FOS)

The Fortis Operating System (FOS) initiative was started in March 2007 at Fortis Hospital, Mohali, Punjab to focus on streamlining of non-clinical processes. The objective of FOS is to ensure that superior customer facing processes are standardised and adopted across the Fortis Hospitals making them repeatable and reliable. The project is aimed at embedding best practices in operational efficiency to yield bottom-line impact.

In order to enhance Patient Satisfaction, it is imperative that we move the FOS yardstick further and work towards enhancing our service delivery outcomes. FOS was launched with the sole purpose of improving efficiency, resulting in better patient experience. Keeping up with our commitment towards patient

care, service quality, operational efficiency and to take FOS to the next level, new metrics in the Report Card have been introduced. With the addition of seven new metrics, the Report Card now has 22 measurable metrics in all. The new metrics included are for our third party vendors like Pharmacy, Radiology and F&B.

Currently, 13 hospitals are running with FOS guidelines and three hospitals are undergoing FOS implementation. A boot camp was organised to ensure standard interpretation of the metric definitions, the calculation methodology and outliers wherever applicable, across all hospitals. Furthermore, quarterly audits have been done by the Corporate FOS Head to ensure there is no deviation from the laid down standards.





Corporate Social Responsibility (CSR)

Over the years, Fortis Healthcare has been involved in a number of social initiatives to support the community and bring about a positive change in preventive healthcare, through education and awareness building activities. Its CSR programmes are delivered through the Fortis Foundation, which is committed to providing health services and subsidised medical care to the socially and economically marginalised sections of society. The focus is on the mother and child. The foundation also takes up issues that make a difference to the environment. It reaches out to the community by organising health check-up camps, and also focuses pre-emptively on education and awareness building activities for children and adults, on health issues and environmental concerns.

At a Glance (2011-2012)

- 1,378 patients received subsidised medical care
- 1, 61,811 benefited from 455 health check camps
- 1, 95,925 people were educated through 308 initiatives on HIV/AIDS, basic life support systems, adolescent education, cancer, dialysis and mother and child health
- 8,173 saplings were gifted to parents celebrating the birth of a girl child
- 3, 69,640 lives were touched through our CSR interventions



During the year, Fortis Foundation launched a nationwide Mother & Child Health programme, aimed at improving the health of pregnant women and new-born children, especially in rural areas.

MOTHER AND CHILD HEALTH

During the year, Fortis Foundation launched a nationwide Mother & Child Health programme, aimed at improving the health of pregnant women and new-born children, especially in rural areas. While the success of several government schemes has helped to reduce maternal mortality and improve new-born care, in India, these still have a long way to go. The Fortis Foundation has come forward to help bridge this gap. It aims to improve the health of the mother and child by encouraging spacing of births; providing ante and postnatal care to women; educating them on nutrition, breastfeeding, immunisation and many aspects of child rearing.

Initiatives

- a. Fortis Foundation with support from five Fortis facilities (Fortis

- Escorts Heart Institute, Fortis Ft. Lt. Rajan Dhall Hospital, Fortis Hospital, Shalimar Bagh, Fortis La Femme and Fortis Jessa Ram) partnered with PVR Nest, a philanthropic organisation. Through this partnership, 18 health camps were organised over a period of nine months, involving 2000 children and their mothers. Free basic medicines were provided and awareness building sessions were conducted on preventive healthcare.
- b. In March 2012, to celebrate Women's Day, a free health check-up was organised for 300 commercial sex workers and their children. The camp was organised in association with Fortis Hospital (Shalimar Bagh, Delhi) and Drishtikon, a non-profit organisation working for the betterment of sex workers. Besides distributing basic medicines, the day-long health

camp laid stress on hygiene and nutrition to help the women lead healthier and hygienic lives. Fortis doctors also advised them on the importance of a healthy diet for proper growth and development of their children.

- c. Fortis Hospital, Mohali, Punjab organised a camp at Roshni Institute, an adult literacy centre run by the Rotary Club, Chandigarh. The mothers were educated on safeguarding themselves and their children against anaemia, constipation and protein & calcium deficiency especially prevalent, in the economically backward sections of society.
- d. On the occasion of World Blindness Awareness Month, Fortis Hospital, Mohali in association with the Confederation of Indian Industry (CII) organised two camps for women, entailing free eye check-ups, ENT



examinations and BP checks. The camps were attended by more than 350 women and children.

- e. A health camp for women was organised by Fortis La Femme, in association with the Centre for Social Research, a non-profit organisation. More than 600 women between the age group of 10 to 60 years benefitted from the camp.

Awareness Sessions on Mother and Child Health in Rural Areas

Besides creating awareness amongst marginalised women living in backward urban areas, regular awareness programmes on health and healthy living were also organised in rural areas near Fortis facilities. The programmes focused on educating women on various diseases, their causes and ways to prevent them. Simple medical advice on healthcare and disease prevention, such as the

importance of breastfeeding as protection against infant diarrhoea (a major reason for infant mortality in rural India), the importance of immunisation, the nutritional needs of expectant and lactating mothers, was provided.

Community Outreach by Fortis Nurses

This year, nurses from several Fortis facilities pledged their support to raise awareness on the Mother & Child health programme of Fortis Foundation. Nursing departments of several facilities adopted a community/slum to spread awareness on different health concerns related to the Mother and Child. As a part of this initiative, the nurses visit the adopted rural or slum areas, once every month to interact with mothers, pregnant women, and their families, on various healthcare concerns including care during pregnancy,

nutrition, breastfeeding, hygiene, immunisation and more.

During the International Nurses Week, over 800 Fortis Nurses from Delhi, Jaipur and Chennai participated in solidarity walks organised by the Fortis Foundation to raise awareness on the importance of immunisation.

MEDICAL CARE

Free Surgeries

To mark its 10th anniversary in June 2011, Fortis pledged 10 free surgeries at each of its hospitals, in India. The surgeries benefited the poor and economically challenged. Till March last year, 200 surgeries had been performed which included cases of Orthopaedics, Cardiac, Gynaecology, General Surgery, Cataract, Paediatrics, ENT, Neurology, Urology, Oncology and Diabetes.

Health Camps

During the year, Fortis hospitals organised 455 free health check-up camps all over the country for Cardiology, Dental Care, Eye care, Cancer and Diabetes, benefiting 1, 61,811 people.

Health Insurance for 50 Differently-abled Children

Fortis Foundation sponsored the health insurance for 50 differently-abled children, who will be able to avail health services for upto ₹. 1 Lac each, at hospitals across India. This was done through the 'Niramaya' programme of The National Trust, an autonomous organisation of the Ministry of Social Justice and Empowerment, Government of India.



Rotary Heartline

In partnership with Rotary, life-saving surgeries are performed on children, at Fortis Hospital Mohali. Last year, 59 children received treatment under this programme.

Chiranjeevi (School Health Plan)

The biggest challenge in access to healthcare today is the increasing cost and the inability of people to pay the high premium on health insurance. This has resulted in the skewed distribution of health insurance and services. To overcome this paradox, Fortis Hospital, Noida launched 'Chiranjeevi', a health plan for school children. The objective of this innovative programme is to provide a complete health assurance package to students and school staff, at an affordable price. Last year, 1606 students were insured under this scheme.

RURAL OUTREACH

Telemedicine

Telemedicine is a medium by which Fortis has been able to provide specialised healthcare services to people in remote areas using teleconnectivity. Specialist doctors at a Fortis network hospital provide assistance to local medical and paramedical teams in a remote area, to deliver emergency care through this medium. The telemedicine project caters to the rural population in seven centres (Sanjay Gandhi Hospital, Amethi; Community Health Centre, Kheralu and Becharji (Gujarat); Bombay Hospital; Haldwani (Uttarakhand); and Shajahanpur and Ijrat Nagar (Uttar Pradesh), who interact with the Fortis Hospital Noida, on a regular basis. In the last year itself, a total of 75 such virtual sessions were held.

Gramin Swasthya Yojna

The programme was conceived in 2009 by the Fortis Escorts Hospital, Jaipur to provide quality healthcare to the rural areas, in Rajasthan. Since then, the facility has reached out to more than 24 different communities/areas across Rajasthan. The health check-up camps provide basic investigations like ECG, blood sugar, blood pressure monitoring and BMI. Subsidised treatment is also given to the patients referred to the Fortis Escorts Hospital in Jaipur. Last year, seven outreach camps were held catering to 56,214 people.

Health Talks and Lectures

Regular lectures, educational programmes and training sessions on occupational health hazards and health issues like diabetes, hypertension, coronary diseases, back and spine related problems, cervical cancer, asthma, arthritis,



HIV/AIDS were organised at different locations. Many individuals in schools, colleges, government organisations, public sector undertakings (PSUs) and private sector companies benefited from these programmes.

Basic Life Support Training

Last year, over 1200 people were trained through several Fortis network hospitals in Basic Life Support (BLS) and Cardiac Pulmonary Resuscitation (CPR). The training was imparted to teachers, public safety personnel, traffic police constables, auto drivers and lifeguards to cope with emergency situations where medical help is not always at hand.

Nanhi Chhaan

Since the past three years, the Fortis Foundation has partnered with the Nanhi Chhaan Foundation with the objective of addressing two important issues on the

social agenda in India relating to the adverse gender ratio and environmental degradation. Fortis Foundation, through the Fortis hospital network, provides quality medical care to young girls and women. On 6 January 2012, the second annual Fortis Nanhi Chhaan Day was celebrated across the Fortis network by inaugurating sapling nurseries, gifting saplings to patients and organising tree planting activities. Nanhi Chhaan counters were set up at hospital premises, to increase visibility and understanding on the issues of an inverse gender ratio, the importance of a girl child and environmental problems such as the depleting tree cover.

Dialysis Support Initiative (Sahayak) & Cancer Support Initiative (Saarthak)

'Sahayak', is a voluntary support group that provides dialysis patients and their families, with

information and advice on coping with this lifelong need. Experts are often invited to interact with patients and update them on the latest developments in the field of dialysis. Similarly, 'Saarthak', a cancer support group was formed to provide cancer patients a setting in which they can talk about living with cancer. The group organises monthly meetings in which the patients share their concerns stemming from their particular situation in life, and receive advice from senior Fortis oncologists attending the meeting.

Spandan

Patient Welfare Departments in Fortis Escorts Heart Institute, New Delhi and Fortis Hospital, Amritsar launched "Spandan", an educative programme for the attendants of the patients. The educative session aims at increasing awareness, imparting knowledge and changing attitudes on personal and community health matters. They also provide information regarding the disease, its causes, symptoms and prevention.

HIV/AIDS Awareness

Lack of awareness on HIV/AIDS and myths associated with the disease have resulted in a fear psychosis and a negative attitude towards patients suffering from HIV/AIDS. The Fortis Foundation has been working on putting together an effective and sustainable programme to sensitise the general populace on dealing with HIV/AIDS. Outreach programmes on 'safe' behaviour were conducted for adolescents, college students, teachers and high risk groups. On World AIDS Day (1st December),



special lectures, skits and events were organised in schools and commercial establishments by the Fortis doctors and staff. The activities were conducted across the cities of Amritsar, Chennai, Faridabad and Mohali. Over 3500 people benefitted from a greater understanding of issues surrounding HIV/AIDS, its management and prevention.

cancer is curable when detected in time and treated properly. This year besides sponsoring the campaign, “Love Cures Cancer”, Fortis Foundation, in association with Cankids, also celebrated the 11th International Cancer Day in 30 paediatric cancer units, across 16 Fortis facilities, in 11 different cities.

Cancer Support for Children

The Foundation sponsored a month long awareness drive on Childhood Cancer in association with Cankids...Kidscan, a non-profit organisation and a family support group working for children with cancer. Every year, the International Childhood Cancer Day (15th February) is celebrated across the world with special events/outings for cancer patients (especially children) and their families. The aim is to spread the message that childhood





S.No.	Facility	Health Camps	Awareness and Training Initiatives	No. of People benefitted
1	Fortis Malar Hospital, Chennai	22	5	109691
2	Hirnanadani Hospital Vashi, Mumbai	35	28	26393
3	Fortis Escorts Heart Institute, New Delhi	223	67	30246
4	Fortis Hospital, Mohali	11	49	7618
5	Fortis Escorts Hospital, Amritsar	20	28	14559
6	Fortis Flt. Lt. Rajan Dhall Hospital, New Delhi	4	4	942
7	Fortis La Femme, New Delhi	11	10	1943
8	Fortis Escorts Hospital, Raipur	16	2	8268
9	Fortis Hospital, Noida	14	19	28688
10	Fortis Escorts Hospital, Faridabad	33	28	6401
11	Fortis Hospital, Jessa Ram, New Delhi	23	4	3257
12	Fortis Escorts Hospital, Jaipur	30	41	73424
13	Fortis Hospital, Shalimar Bagh, New Delhi	12	21	7153
14	Corporate Office	1	2	51057
		455	308	369640

MAKING A DIFFERENCE – TOUCHING LIVES

M.S. ANAND, 52 YEARS, FISSURECTOMY

M.S Anand, a poor farmer from Mudugere village, about 75 kms away from Bengaluru in Karnataka, had been suffering from a Fistula for the past 10 years. The only possible cure was a surgery. Since he has to support a wife and a school-going son, he could not save or arrange enough funds for his treatment. Fortis Hospital in Nagarbhavi, Bengaluru decided to take up his case and conducted the Fissurectomy, free of cost. Anand has recovered and is able to attend to his field better without worrying about being sick again.

SALMA, 40 YEARS, GALL BLADDER REMOVAL

Salma, a resident of a small village near Mohali, was afflicted with polio in childhood and also has a hearing impairment. She started experiencing severe abdominal pain with vomiting and fever. Repeat visits to local health facilities and private practitioners did not bring any relief. She finally visited Fortis Hospital, Mohali, which decided to treat her as a special case. She was diagnosed with Mirizzi's syndrome, a rare condition in which a large gall bladder stone presses upon the main liver duct, to cause jaundice. Infection and inflammation of her gall bladder were first controlled with antibiotics and then she underwent a surgery. The entire treatment was done free of cost. Salma has recovered well and is grateful to the hospital for giving her a new lease of life.

RABIA KHAN, 14 YEARS, PERIPHERAL RETINAL DEGENERATION WITH MULTIPLE HOLES

A city based NGO, Salaam Zindagi, approached Fortis Hospital, Mohali for the treatment of a 14 year old girl - Rabia Khan, who was diagnosed with peripheral retinal degeneration with multiple holes. Due to the holes in her retina, Rabia was unable to continue with her studies or perform routine chores, and was rapidly losing her vision.

Rabina, orphaned at the age of five, had been living with her brother, a carpenter, who earns a meagre salary and was unable to afford her treatment. On considering her deteriorating vision, she was immediately given the required treatment at the facility and was operated for Barrage Laser. Now, Rabia leads a normal life and sees the world with the same enthusiasm and joy as before.

NARSIMHA MURTHY, 53 YEARS, CATARACT

Narsimha Murthy is a resident of village Gudibandhe in Chickballapur district, 90 kms away from Bengaluru. He works as a typist and has a family of four to support with his monthly income of ₹ 4000. He had been suffering from cataract for the past three years and was not able to arrange money for his operation. Doctors at Fortis Hospital, Nagarbhavi, Bengaluru conducted the cataract surgery free of cost.

KADIR KHAN, 35 YEARS, DOUBLE VALVE REPLACEMENT AND REPAIR OF THIRD VALVE

Kadir Khan, a resident of village Maulijagan near Mohali, plays the 'dhol' (drum) on auspicious occasions to earn his living and also repairs 'dhols'. He had been experiencing breathlessness; fatigue and chest pain for the past few months and was not able to continue working. On getting himself checked at a hospital, he was advised an angiography, in which it was discovered that he was suffering from rheumatic heart disease. The only cure for this disease was surgery. With three daughters and a son to support and a meagre salary, he could not afford the surgery. Then Kadir Khan approached Fortis Hospital, Mohali, which was forthcoming to help him. The hospital conducted the surgery free of cost. He underwent a double valve replacement and a repair of the third valve. Kadir has recovered and is back to playing the 'dhol'.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting here the Sixteenth Annual Report of your Company together with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2012.

FINANCIAL RESULTS

The highlights of Consolidated Financial Results of your Company and its Subsidiaries are as follows:

[₹ in Million]

Particulars	Consolidated	
	Year ended March 31, 2012	Year ended March 31, 2011
Operating Income	29,840.37	14,957.91
Other Income	1,773.14	1,006.35
Exceptional items	63.29	3,455.43
Total Income	31,676.80	19,419.69
Total Expenditure	25,807.27	14,359.46
Operating Profit	5,869.53	5,060.23
Less: Finance Charges, Depreciation & Amortization	4,791.93	3,544.89
Profit before Tax	1,077.60	1,515.34
Less: Tax Expenses	408.46	152.39
Net Profit for the year	669.14	1,362.95
Profits/ (Losses) attributable to Minority Interest	39.80	(44.23)
Share in the (Loss)/Profit of Associates	13.27	(75.10)
Net Profit attributable to the shareholders of the Company	722.21	1,243.62

The highlights of financial results of your Company as a Standalone entity are as follows:

[₹ in Million]

Particulars	Standalone	
	Year ended March 31, 2012	Year ended March 31, 2011
Operating Income	2,810.90	2,654.49
Other Income	1,270.45	1,755.40
Exceptional item	1,846.24	-
Total Income	5,927.59	4,409.89
Total Expenditure	2,763.25	2,351.33
Operating Profit	3,164.34	2,058.56
Less: Finance Charges and Depreciation	1,150.48	640.46
Net Profit/ (Loss) attributable to the shareholders of the Company	2,013.86	1,418.10

OPERATING RESULTS AND PROFITS

The sound performance of your Company is manifested in the Operating Revenues and Net Profit posted for the year under review. During the year ended March 31, 2012, the Consolidated Revenues from Operations stood at ₹29,840.37 Million as against ₹14,957.91 Million for the corresponding previous year registering a growth of 100%. The Profit before Depreciation, Interest and Tax stood at ₹5,869.53 Million as against ₹5,060.24 Million for the corresponding previous year, registering a growth of 16%. The Net Profit after Tax but before Profits attributable to Minority Interest and Share in the profits of Associates stood at ₹669.14 Million.

Your Company has continued to strive towards improving the value proposition it offers to the patients and general public and during the year under review, has made further strides in implementing its strategic growth and development initiatives across various facets of the Organization. Expanding and deepening the footprint of network hospitals has helped us to touch increasing number of lives during the year.

Your Company is a leading, integrated healthcare delivery provider in the Pan Asia-Pacific region. The healthcare verticals of the Company span diagnostics, primary care, day care speciality and hospitals, with an asset base in 10 countries, many of which represent the fastest-growing healthcare delivery markets in the world. Currently, the Company operates its healthcare delivery network in Australia, Canada, Dubai, Hong Kong, India, Mauritius, New Zealand, Singapore, Sri Lanka and Vietnam with 75 hospitals, over 12,000 beds, over 600 primary care centres, 191 day care speciality centres, over 230 diagnostic centres and a talent pool of over 23,000 people. Your Company is driven by the vision of becoming a global leader in the integrated healthcare delivery space and the larger purpose of saving and enriching lives through clinical excellence.

A detailed discussion on Operational and Financial Performance of the Company for the year, is given in “Operations Reviews” and “Management Discussion and Analysis” Sections of this Annual Report.

CHANGE OF NAME

In furtherance of the strategic intent to consolidate the Group's healthcare services business across Asia Pacific Region and increase integration amongst various entities existing in the key geographical focus areas for greater operational and administrative efficiencies, Fortis Healthcare International Pte. Limited (“Fortis Healthcare International”) was acquired and consolidated with the Company - Fortis Healthcare Limited, in January, 2012, thereby combining the Indian and overseas operations of the Fortis Group under one umbrella.

In view of the above and to reflect the expanded geographical coverage of the Group, the Board of Directors of your Company had, on January 11, 2012, revisited the Company's corporate identity and proposed to change the name of the Company from “Fortis Healthcare (India) Limited” to “Fortis Healthcare Limited”. The same was approved by the Shareholders by way of Postal Ballot on February 23, 2012. With the approval of the Registrar of Companies, NCT of Delhi & Haryana, Ministry of Corporate Affairs, the name of the Company has since been changed to “Fortis Healthcare Limited” effective March 06, 2012.

CAPITAL RAISING AND CHANGES IN CAPITAL STRUCTURE

Changes in Capital Structure

Under the terms of the “Employee Stock Option Plan 2007”, the Company allotted 76,240 equity shares of ₹10 each, against exercise of vested stock options by the eligible employees during the year.

Accordingly, the issued and paid up Equity Share Capital of the Company increased from ₹4,051.03 Million divided into 40,51,03,475 Equity Shares of ₹10 each to ₹4,051.80 Million divided into 405,179,715 Equity Shares of ₹10 each.

LISTING OF EQUITY SHARES/BONDS

The Equity Shares of the Company continue to be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Further, the existing Foreign Currency Convertible Bonds (FCCBs) are listed on “Bourse de Luxembourg” (Luxembourg Stock Exchange). The requisite annual listing fees have been paid to these Exchanges.

SHARES UNDER COMPULSORY DEMATERIALIZATION

The Equity Shares of your Company are included in the list of specified scrips where delivery of shares in dematerialized (demat) form is compulsory, if the same are traded on a Stock Exchange, which is linked to a Depository. As of March 31, 2012, 99.77% Equity Shares of the Company were held in demat form.

STOCK OPTIONS

During the year under review, 200,000 Stock Options were granted under the “Employee Stock Option Plan 2007”.

Further, during the year, the Company also constituted the “Employee Stock Option Plan 2011” whereunder, 40,50,000 Stock Options were granted to eligible employees and Directors of the Company / its Holding Company(ies) / subsidiaries.

The relevant details of the Stock Options granted during the year and outstanding as on March 31, 2012 have been set out in Annexure I to this Directors' Report.

SUBSIDIARY COMPANIES

During the year under review:

- The Company acquired 74.59% stake in Super Religare Laboratories Limited (‘SRL’), resulting in SRL (together with its wholly owned subsidiary and two joint ventures) becoming a subsidiary of the Company. Subsequent to the acquisition, the Company's shareholding in SRL was diluted to 71.49% as a result of SRL issuing additional equity shares to certain strategic investors.
- Further the Group incorporated Fortis Health Management (North) Limited, Fortis Health Management (East) Limited, Fortis Health Management (West) Limited and Fortis Health Management (South) Limited as wholly owned subsidiaries.
- The Company has acquired 100% stake in Fortis Healthcare International Pte Limited (‘FHIPL’) from RHC Financial Services (Mauritius) Limited through its wholly owned subsidiary - Fortis Asia Healthcare Pte Ltd. Accordingly, FHIPL has become a step-down subsidiary of the Company. FHIPL is a Singapore based leading integrated healthcare delivery company with multi-vertical presence including in primary healthcare, speciality day care, hospitals and diagnostics, with a presence in nine countries viz., Hong Kong, Australia, New Zealand, Singapore, Sri Lanka, Dubai, Vietnam, Mauritius and Canada. Pursuant to the said investment in FHIPL, the direct/indirect subsidiaries of FHIPL became the direct/indirect subsidiaries of the Company.
- The Company has acquired 45% of total equity share capital of Hiranandani Healthcare Private Limited (HHPL), consequently raising its shareholding to 85% in HHPL. Accordingly, HHPL has become a subsidiary of the Company.
- In order to consolidate the holding, the Company had purchased the remaining 67% stake in Fortis Healthcare International Limited (FHIL) from International Hospital Limited (IHL), its wholly owned subsidiary in India. With the proposed transaction, FHIL became direct and wholly owned subsidiary of the Company.

Existing Subsidiaries – Changes during the year

- The Company acquired the remaining 10% stake in Escorts Heart Institute and Research Centre Limited (“EHIRCL”) from Fortis Healthcare Holdings Private Limited (formerly known as Fortis Healthcare Holdings Limited), resulting in EHIRCL (together with its two subsidiaries) becoming a wholly owned subsidiary of the Company.
- The Group sold its 2% stake in a subsidiary, namely, Fortis Emergency Services Limited (“FESL”) to Fortis Healthcare Holdings Private Limited (formerly known as Fortis Healthcare Holdings Limited), the Holding Company. Accordingly, FESL has ceased to be a step-down subsidiary of the Company.
- The entire issued and paid-up capital of Fortis Global Healthcare Infrastructure Pte. Ltd., Singapore (FGHIPL) which was incorporated as a wholly-owned subsidiary of Fortis Healthcare International Limited (FHIL) was transferred by FHIL to Religare Health Trust Trustee Manager Pte Limited [acting in its capacity as trustee manager of Religare Health Trust (RHT)] and FHIL received 3,100 units of RHT as consideration for the said transfer. As on March 31, 2012, FHIL, wholly owned subsidiary of the Company, holds 3100 units in RHT representing 100% beneficiary interest in RHT.
- In accordance with Regulation 3(1)(e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, International Hospital Limited transferred 11,752,402 equity shares constituting 63.2% of paid capital of Fortis Malar Hospitals Limited, in terms of inter se transfer of shares amongst group coming within the definition of group as defined in Monopolies and Restrictive Trade Practices Act, 1969, to Fortis Hospitals Limited by way of gift on June 20, 2011.

EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated February 8, 2011, has provided an exemption to Companies from complying with the provisions of Section 212 of

the Companies Act, 1956, provided such Companies publish the Audited Consolidated Financial Statements in the Annual Report. Accordingly, in terms of general exemption, the Board of Directors of the Company, in its Meeting held on May 28, 2012, resolved that the Financial Statements and other required documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company for this fiscal.

The Annual Accounts of these subsidiary companies and the related information are open for inspection by any member including the members of subsidiary companies at the registered office of the Company and that of subsidiaries concerned, during the working hours on all working days. The Company will make available these documents to the members including members of subsidiary companies upon receipt of request from them. The members, if they so desire, may write to the Company to obtain a copy of financials of the subsidiary companies.

REPORT ON CORPORATE GOVERNANCE

Your Company continues to place greater emphasis on managing its affairs with diligence, transparency, responsibility and accountability.

Your Company is committed to adopting and adhering to the best Corporate Governance practices recognized globally. Your Company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large, and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

The report of Board of Directors of the Company on Corporate Governance is given in the section titled “Report on Corporate Governance” forming part of this Annual Report.

Certificate of M/s Sanjay Grover & Associates, Company Secretary in whole-time Practice, regarding compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed with the said Corporate Governance Report.

PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the Public pursuant to the provisions of Section 58A of the

Companies Act, 1956, and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as of the date of Balance Sheet.

DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the aggressive growth strategy of the Company, the Board of Directors of your Company have decided to plough back the profits and thus, not recommended any dividend for the financial year under review. Also, during the said year, no amount has been transferred to reserves.

DIRECTORS

Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga have been co-opted as Additional Directors on the Board of the Company w.e.f. May 28, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, ("the Act"), they hold the office upto the date of the ensuing Annual General Meeting and are eligible for appointment as Directors of the Company in terms of Section 257 of the Act.

The Company has received Notices under Section 257 of the Act, proposing the appointments of Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga as the Directors, liable to retire by rotation.

Further, in accordance with the provisions of the Act, and Articles of Association of the Company, Mr. Gurcharan Das, Mr. Sunil Godhwani and Justice S S Sodhi are liable to retire by rotation at the ensuing Annual General Meeting.

Justice S S Sodhi, in view of his pre-occupation, has not offered himself for re-appointment and accordingly, will cease to be a Director of the Company with effect from the conclusion of the ensuing Annual General Meeting. Since, no proposal has been received for filling the vacancy, for the present it is proposed not to fill the vacancy created by the retirement of Justice S S Sodhi. The Board of Directors extends its sincere appreciation for the valuable contributions made by Justice S S Sodhi during his tenure as a Director of the Company.

Mr. Gurcharan Das and Mr. Sunil Godhwani, being eligible, have offered themselves for re-appointment.

Your Directors recommend the appointment / re-appointment of Ms. Joji Sekhon Gill, Mr. Pradeep

Ratilal Raniga, Mr. Gurcharan Das and Mr. Sunil Godhwani, as referred above, at the ensuing Annual General Meeting.

STATUTORY AUDITORS / AUDITORS' REPORT

M/s. S.R. Batliboi & Co., Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors for the financial year 2012-13.

The Company has received a letter dated May 25, 2012 from them to the effect that their re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Act, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

Based on the recommendations of the Audit, Risk & Controls Committee, the Board of Directors of the Company proposes the re-appointment of M/s S.R. Batliboi & Co., Chartered Accountants, as the Statutory Auditors of the Company.

The Statutory Auditors have, in their report to the Board of Directors on the Consolidated Financial Statements of the Company, its subsidiaries and associates, made the following comments which are self-explanatory:

5. Without qualifying our opinion, we draw attention to note 30 of financial statements, regarding the assessment of recoverability of Minimum Alternate Tax (MAT) credit for ₹ 1,046.27 lacs. The management has explained to us that, as part of its restructuring plan, Company has sold certain business undertakings comprising of Hospital Operations and Management, In Patient health services and emergency healthcare services to another fellow subsidiary. The arrangements of the manner in which revenue would arise to transferor companies from the transferee company are in process of being finalized. Till such time, no adjustment has been recorded towards on MAT credit recoverable in the Company.
6. Without qualifying our opinion, we draw attention to the note no 19 of financial statements regarding

non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 603 lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in the accounts.

7(a). *The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently.*

(b) *Certain tax demands aggregating to ₹ 9,208.28 lacs (without considering the demand of ₹ 10,101.10 lacs raised twice in respect of certain years and after adjusting ₹ 13,760.88 lacs for which the Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) has a legal right to claim from erstwhile promoters as discussed in detail in note 12 of financial statements) raised on the subsidiary company by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their consequential effect, if any, on the financial statements. The same were also the subject matter of qualification by us in the previous years as well.

DISCLOSURES UNDER SECTION 217 (1) & (2) OF THE COMPANIES ACT, 1956

Material Changes/Commitments

A large capital outlay would be involved in benefitting from the growth opportunities in the Indian healthcare sector. Your Company is, therefore, aligning itself to internationally emerging trends, such as transformation to an asset light model. Aligning the Company's business with such international trends

would assist your Company to grow faster and enable it to provide state of the art, medical and healthcare services. In furtherance thereof, your Company had been continuously evaluating various business and ownership strategies regarding your Company and its subsidiaries (the "Fortis Group"), and various models for raising long-term financial resources by capitalising upon the expertise of the Fortis Group.

Consequently, your Company is undergoing an internal restructuring, whereby the business of certain identified hospitals of the Fortis Group will be divided into the two separate business verticals (i) Clinical Establishments Division; and (ii) Medical Services Division, such that they are managed under different verticals whilst continuing to have mutual interdependencies.

The details of the internal restructuring have also been disclosed in the Notes to Accounts and other specific communication(s) to the shareholders.

Except as disclosed above or elsewhere in this Annual Report, there have been no material changes and commitments, between the end of financial year and the date of this Report, which can affect the financial position of the Company.

During the year, Fortis Health Management (South) Limited, a subsidiary of the Group, has entered into a Partnership agreement with Dr. Chandrashekar G.R. and Dr. Sarla Chandrashekar on April 27, 2011 with 51% share in assets, liabilities, income and expenses, to provide cardiac care facilities.

Except as disclosed above or elsewhere in this Annual Report, during the financial year under review, no material changes have occurred in the nature of the Company's business or that of its subsidiaries and generally in the classes of business in which the Company has an interest.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, is given in Annexure II, forming part of this Directors' Report.

PARTICULARS OF EMPLOYEES

The Statement containing particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members excluding this Statement. Copies of this statement may be obtained by the members by writing to the Company Secretary at the registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

For the Financial Year 2011-12, the Directors hereby confirm:

- (a) that in the preparation of the Annual Accounts for the year ended March 31, 2012, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (d) that the Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, State Governments and all other Government agencies for the assistance, co-operation and encouragement they have extended to the Company.

Your Directors also take this opportunity to extend a special thanks to the medical fraternity and patients for their continued cooperation, patronage and trust reposed in the Company.

Your Directors also greatly appreciate the commitment and dedication of all the employees at all levels, that has contributed to the growth and success of the Company. Your Directors also thank all the strategic partners, business associates, Banks, financial institutions and our shareholders for their assistance, co-operation and encouragement to the Company during the year.

On behalf of the Board of Directors

Date : August 14, 2012 **Malvinder Mohan Singh**
Place : Gurgaon **Executive Chairman**

Annexure I to Directors' Report

ESOP Disclosure in Directors' Report
Details of Employee Stock Option Plan 2007 and Employees Stock Option Plan 2011 for the year ended March 31, 2012
(as per Clause 12 of SEBI (ESOS and EPS) Guidelines, 1999)

Particulars	Details (Employee Stock Option Plan 2007)										Details (Employee Stock Option Plan 2011)									
	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)	Date of Grant	Number of options granted	Exercise Price (₹)					
The total number of options granted are 68,07,950 (including reissue of lapsed/cancelled options)	February 13, 2008	4,58,500	71	October 13, 2008	33,500	50	July 14, 2009	7,63,700	77	October 1, 2010	1,302,250	158	September 12, 2011	200,000	152					
Outstanding Options as on April 1, 2011	203,740				6,000			517,140		1,285,250			N.A.		N.A.					
Pricing Formula	Latest available closing price of the equity shares of the Company, prior to the date of grant of options by the Human Resources & Remuneration Committee (HR & RC), on the Stock Exchange on which the shares of the Company are listed.																			
	Date of Grant of Option										Latest available closing price of the shares of the Company at the National Stock Exchange of India Limited (₹)					Exercise price of the options granted by the HR & RC (₹)				
	13-Feb-08										70.05					71				
	13-Oct-08										49.05					50				
	14-Jul-09										76.95					77				
	1-Oct-10										157.75					158				
	12-Sep-11										151.95					152				
Total Number of Options vested during the year	23-Feb-12										110.75					111				
Total Number of Options exercised/ forfeited/ cancelled as on March 31, 2012	113,640 valid options were vested on February 12, 2012										4,400 valid options were vested on October 12, 2011					175,740 valid options were vested on July 13, 2011				
	39,640										Nil					Nil				
Total Number of Options lapsed/ forfeited/ cancelled as on March 31, 2012	10,220										Nil					146,300				
	53,560										Nil					Nil				
Total Number of Equity Shares arising as a result of the exercise of the options (assuming vesting of the valid options and exercise of all the valid options vested)	193,520										6,000					463,580				
																1,138,950				
Total Number of Options in force as on March 31, 2012	158,880										6,000					421,980				
Variation in the terms of the options	Nil										Nil					Nil				
Money realized by exercise of the options as on March 31, 2012 (₹)	2,459,440										Nil					3,203,200				
Person-wise details of options granted to:																				
a) Directors and Key Managerial Employees	21,800*										Nil					1,88,600*				
b) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during that year	Nil										During the Financial Year 2008-09, under this grant, more than 5% of the options were granted to 8 employees aggregating 33,500 options*.					During the Financial Year 2009-10, under this grant, more than 5% of the options were granted to 5 employees aggregating 4,25,000 options*.				
c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued Equity Share capital (excluding outstanding warrants & conversions) at the time of grant	Nil										Nil					Nil				

Annexure I to Directors' Report

Particulars	Details (Employee Stock Option Plan 2007)			Details (Employee Stock Option Plan 2011)
Diluted Earnings Per Share (EPS), as reported on unconsolidated basis, pursuant to the issue of Equity Shares on exercise of the options calculated in accordance with AS 20 for the year ended March 31, 2012	₹ 4.97			
Vesting schedule	Except in cases of death and disability and subject to the right of the HR & RC to, in its absolute discretion, vary or alter the vesting date for an employee or a class of employees, the options will vest in the ratio of 20% each at the end of the first, second, third, fourth and fifth years from the date of grant.			Otherwise than in respect of certain specified circumstances, Options Granted under the Scheme would Vest at the end of three years from the date of Grant of such Options.
Lock in	Not Applicable			
Impact on profits and EPS of the last three years	2011-12 Impact on Profits - ₹ 53.85 Million Impact of EPS - ₹ 0.13	2010-11 Impact on Profits - ₹ 19.57 Million Impact of EPS - ₹ 0.03	2009-10 Impact on Profits - ₹ 5.17 Million Impact of EPS - ₹ 0.02	
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	Employee Compensation Cost on the basis of the intrinsic value of stock options is zero while on the basis of the fair value of stock options is ₹ 53.85 Million			
Impact on profits of the Company and on the EPS arising due to difference in the Accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Impact on Profits - ₹ 53.85 Million Impact of EPS - ₹ 0.13			
Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: ₹ 117.80 Weighted average fair value: ₹ 33.45			
A description of the method and Method used	Significant assumptions used during the year to estimate the fair value of the options, including the following weighted-average information: The Company has used the intrinsic value method. However, for estimating the fair value of the options granted, the Black Scholes Option Valuation Model ("Black Scholes Model") has been used			
• Risk free interest rate	10 year zero coupon treasury rate has been utilized as the risk free rate applied to the Black Scholes Model			
• Expected life	The expected life of the options granted to the eligible employees is 5.5, 6.5, 7.5, 8.5 and 9.5 years from the date of grant for each round of vested options, respectively. This is based on various schemes launched by various organizations in the country			
• Expected volatility	Volatility is calculated on the movement of the Company's (and comparable companies') share price on the BSE in the past one year, and works out to 32.89%. The same volatility is applicable to the Black Scholes Model.			
• Expected dividends	No dividend has been paid as yet			
• The price of the underlying share in the market at the time of option grant	₹ 70.95 on NSE on February 12, 2008	₹ 49.05 on NSE on October 10, 2008	₹ 76.95 on NSE on July 13, 2009	₹ 151.95 on NSE on September 9, 2011 ₹ 110.75 on NSE on February 22, 2012
* Names of Employees have not been given, keeping in view the sensitivity				

ANNEXURE II TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy

a) Energy conservation measures taken:

- Optimization of Heating Ventilation and Air Conditioning, Chillers, Air Handling Units and Pump operation, Air Balance study to improve air distribution.
- Optimization of Boilers to improve efficiency and reduce fuel consumption. Leakages plugged and water pipe lines insulated.
- Provided hermetically sealed Stainless Steel doors for Operation Theatres to plug wastage of conditioned air.
- Streamlining of Sewerage Treatment Plant and Irrigation System for effective utilization of wastewater, resulting in water conservation.
- HSD savings by running only one boiler thereby providing condensate storage in a tank and using hot water back in washers.
- Replacement of Sodium Vapour lamps with Compact Fluorescent Light for external lighting, use of Light Emitting Diodes and use of Electronic chokes and T-5 tube rods against conventional ones.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

- Installed energy efficient Air Compressor, UPS with high efficiency motors for conservation of energy.

c) Impact of measures at (a) & (b):

- The energy conservation measures taken from time to time have resulted in considerable reduction of energy and thereby reducing the cost.
- Stress given on the use of Building Management Systems resulting in reduction in Chiller running time.

d) Total energy consumption and energy per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

- N.A.

B. Technology Absorption

1. Research & Development (R & D):

- Nil

2. Technology Absorption, Adaptation & Innovation:

a) Efforts in brief, made towards technology absorption, adaptation & innovation

- To reduce the water consumption by treatment of waste water for use in cooling towers and flushing of toilets. This recycling of water has been approved by Infection Control Committee.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

- Water conservation by reduction of ground water uses.

c) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports: Initiatives taken to increase exports, development of new export markets for products and services and export plans

- A well thought thorough strategy has been put in place to ensure that the target revenue for the next year is achieved. The key components of this strategy includes penetrating deeper in key markets, identified as power markets, develop new markets and leverage local opportunities in driving the International Business.
- The Asian market has been divided in three regions namely Middle East, SAARC Region and the CIS region. Within each of these region a country has been identified as a power market, where in Company plans to set up a representative office in collaboration with associates based in that market. Thus in the SAARC region, representations have been set up in Lahore in Pakistan and in Kabul in Afghanistan. Similarly in the Middle East a representation has been established in Baghdad in Iraq and one in Tashkent in Uzbekistan. These representations serve as Company information centres as well as facilitation centres for patients traveling to India. All our Marketing activities including camps and CMEs are being channelized through these representations. This strategy has given us the depth and greater penetration in these markets.
- A similar strategy is being followed in Africa, where the continent has been split in three regions namely Western and North Africa, East Africa and Central Africa and South Africa. Representative

offices have been set up through our associates in Abuja, Nigeria in Western Africa, Juba in South Sudan and in Kampala in Uganda on the Eastern side and in Kinshasa in Congo, central Africa.

- New markets have been identified in and around these hubs. Thus in Asia, Myanmar, Vietnam, Yemen, Qatar and Bahrain are being explored. Kazakhstan and Tajikistan are also being evaluated. In Africa, Ghana, Ethiopia, Kenya, Tanzania, Rwanda and Burundi are being developed. Pacific Islands in the far east such as Fiji, Kiribati, Tuvalu and Nauru have been explored and are now yielding steady revenues.
- Additionally, a robust digital marketing strategy is being put in place to target the western world including the US, UK and Canada. A new website is being developed, which will help drive digital queries and patient flow from these markets.

A strategy of an aggressive engagement with local facilitators based in Delhi, Mumbai, Bangalore and Chennai has been put in place to ensure drainage of patients into our hospitals. An information kiosk is being set up at the International Airport in New Delhi. This will allow for easy handling and management of patients arriving in New Delhi.'

b) Total foreign exchange earned and used:

- (i) Earnings : ₹ 11.80 Million
- (ii) Expenditure : CIF Value of Imports – ₹ 44.15 Million
Others – ₹ 277.58 Million

Report on Corporate Governance

1. INTRODUCTION

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Good Corporate Governance practice lies at the foundation of Company's business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit. This is reflected in the Company's philosophy on Corporate Governance.

2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. The Corporate Governance philosophy of the Company finds its foundation through the principles adopted under the Fortis Code of Conduct, Code for Prevention of Insider Trading and Governance Documents and Mandates approved for the Board and its Committees. The Company, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders. The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasizes the need for transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company believes that the management is the trustee of all investors' capital and is obligated to maximize shareholders' value over the long term, while preserving the interests of all its stakeholders, such as employees, customers, business partners / vendors and the society at large. It is committed to high levels of ethics and integrity in all its business

dealings that avoid conflicts of interest. In order to conduct business with these principles, the Company has created a corporate structure based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems.

3. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors (“the Board”) is at the core of the Company’s Corporate Governance practices and oversees how Management serves and protects the long term interest of its stakeholders. It brings in strategic guidance, leadership and an independent view to the Company’s Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of ethics, transparency and disclosure.

Our policy towards the Composition of Board is to have an appropriate mix of Executive, Non-Executive and Independent Directors, representing a judicious mix of professionalism, subject specific competence in areas critical to the organization, knowledge and experience. This helps to drive value-based guidance whilst maintaining the independence of the Board and to separate its functions of Governance and Management.

Currently, the Board consists of 12 Members, of whom 3 (three) are Executive Directors viz., an Executive Chairman, an Executive Vice Chairman and an Executive Director and 9 (Nine) are Non-Executive Directors. Amongst the Non-Executive Directors, 7 (seven) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board’s deliberations and decisions.

The size and composition of the Board conforms to the requirements of Clause 49 of the Listing Agreement with Stock Exchanges. Other details relating to the Directors as on March 31, 2012 are as follows:

Name of the Director	Position held in the Company	Directorship in other Companies@	Committee Membership in other Companies#	Committee Chairmanship in other Companies#
Mr. Malvinder Mohan Singh	Executive Chairman (Promoter)**	5	3	—
Mr. Shivinder Mohan Singh	Executive Vice Chairman (Promoter)	6	1	—
Mr. Balinder Singh Dhillon	Executive Director**	—	—	—
Dr. Brian William Tempest	Non-Executive Independent	3	—	—
Mr. Gurcharan Das	Non-Executive Independent	3	—	—
Mr. Harpal Singh*	Non-Executive Non- Independent	4	—	—
Dr. P S Joshi	Non-Executive Independent	10	5	3
Justice S S Sodhi	Non-Executive Independent	1	—	—
Mr. Sunil Godhwani	Non-Executive Non- Independent	11	5	2
Lt. Gen. T S Shergill	Non-Executive Independent	—	—	—

@ Excluding Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies formed under Section 25 of the Companies Act, 1956.

Represents membership/chairmanship of Audit Committee & Shareholders’ Grievance Committee of Indian Public Limited Companies.

* Related to Promoters.

** Re-designated as “Executive” Directors against earlier status of “Non-Executive” Directors w.e.f. 11th January, 2012.

None of the Directors on Board, is a member in more than ten committees and/or act as a chairman of more than five committees across all the companies in which he is a Director.

Except Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, who are brothers, and Mr. Harpal Singh, who is Mr. Malvinder Mohan Singh's father-in-law, none of the Directors are related to one another.

Disclosure regarding appointment or re-appointment of Directors

During the year ended 31st March, 2012, the Board membership was expanded by the addition of Dr. Brian William Tempest on 2nd August, 2011 as an additional Director. He was subsequently re-appointed as a Board Director by the shareholders in the Annual General Meeting held on 19th September, 2011.

In addition Mr. Rajan Kashyap, being subject to retirement by rotation at the last Annual General Meeting held on 19th September, 2011 and expressing a desire not to seek re-election, retired from the Board.

Further, on May 28, 2012, Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga have been co-opted as Additional Directors (Non Executive Independent) on the Board of Directors of the Company. As such, Ms. Joji Sekhon Gill and Mr. Pradeep Ratilal Raniga hold office till the conclusion of the ensuing Annual General Meeting.

According to the Articles of Association of the Company and Companies Act, 1956, at every Annual General Meeting, one-third of such of the Directors for the time being liable to retire by rotation, shall retire from office and at the same Annual General Meeting such vacancy may be filled up by appointing the retiring director who shall be eligible for re-appointment.

Accordingly, Mr. Gurcharan Das, Mr. Sunil Godhwani and Justice S S Sodhi are liable to retire at the ensuing Annual General Meeting. The Company has received Notices under Section 257 of the Companies Act, 1956, recommending the appointment of Mr. Gurcharan Das and Mr. Sunil Godhwani at the ensuing Annual General Meeting. The Board has recommended the appointment / re-appointment of Ms. Joji Sekhon Gill, Mr. Pradeep Ratilal Raniga, Mr. Gurcharan Das and Mr. Sunil Godhwani.

Justice S S Sodhi has expressed his intention not to seek re-appointment at the ensuing Annual General Meeting and accordingly, will retire upon the completion of his term.

In terms of Clause 49 of the Listing Agreement, the profiles of the Directors being appointed/re-appointed at the ensuing Annual General Meeting, are provided in the Notice convening the ensuing Annual General Meeting.

Board Functioning & Procedure

The Board of Directors is an apex body constituted by the members for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic directions of the Company, Management's policies and their effectiveness and ensures that the long term interests of the shareholders are being served.

The probable dates of the Board Meetings for the forthcoming year are decided in advance and published as part of the Annual Report. The Board meets at least once in a quarter to review the performance of the Company and approves, inter alia, the quarterly financial results. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

Independent Directors are regularly updated on performance of the Company, business strategy and new initiatives being taken/ proposed to be taken by the Company. The agenda for each Board Meeting alongwith background papers are circulated in advance to the Board Members to facilitate meaningful discussion at the meeting. Every Board Member is free to suggest items for inclusion in the agenda.

The Directors are provided free access to offices and employees of the Company. Management is encouraged to invite Company's officials to such Board Meetings at which their presence and expertise helps the Board to develop a full understanding of matters being deliberated.

The Company effectively uses audio / video conferencing facility to enable the participation of Directors who cannot attend the same in person.

Nine Board meetings were held during the year ended March 31, 2012. These were held on (i) April 14, 2011; (ii) April 19, 2011; (iii) May 27, 2011; (iv) August 12, 2011 (v) September 19, 2011; (vi) November 1, 2011; (vii) November 14, 2011; (viii) February 9, 2012; and (ix) March 27, 2012.

The following table gives the attendance record of the directors at the above said Board Meetings and at the last Annual General Meeting, which was held on September 19, 2011:

Name of the Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Malvinder Mohan Singh	8 [^]	Yes
Mr. Shivinder Mohan Singh	9 [^]	Yes
Mr. Balinder Singh Dhillon	9	Yes
Dr. Brian William Tempest*	5	Yes
Mr. Gurcharan Das	6	No
Mr. Harpal Singh	8 [^]	Yes
Dr. P S Joshi	8	Yes
Mr. Rajan Kashyap**	3	NA
Justice S S Sodhi	8	Yes
Mr. Sunil Godhwani	5	Yes
Lt. Gen. T S Shergill	9	Yes

* Appointed as Director w.e.f. 2nd August, 2011

** Ceased to be Director w.e.f. September 19, 2011

[^] Attended one Meeting through Audio Conference

Availability of information to the members of Board:

As required under Clause 49 of the Listing Agreement, to the extent applicable, following information is placed before the Board:

- Annual operating plans and budgets and any updates thereto.
- Capital expenditure plan and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit, risk & controls committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- Any material default in financial obligations to and by the company, or substantial non-payment for services rendered by the company.
- Any issue, which involves possible public liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Statutory Compliances

The Board periodically reviews the mechanism put in place by the Management to ensure the compliances with Laws and Regulations as may be applicable to the Company as well as the steps taken by the Company to rectify the instances of non-compliances, if any.

Code of Conduct

The Board has prescribed a Code of Conduct (“Code”) for all employees of the Company including Senior Management and Board Members, which covers the transparency, behavioral conduct, a gender friendly work place, legal compliance and protection of the Company’s property and information. The Code is also posted on the website of the Company. In terms of Clause 49 of the Listing Agreement, the Senior Management and Board Members have confirmed the compliance with the Code for the financial year 2011-12. A declaration to this effect signed by the Executive Vice Chairman of the Company, is provided elsewhere in this Report.

4. COMMITTEES OF THE BOARD

In terms of Clause 49 of the Listing Agreement read with the Companies Act, 1956, the Board has formed three Committees viz. Audit, Risk & Controls Committee, Shareholders’ / Investors’ Grievance Committee and Human Resources & Remuneration Committee.

Keeping in view the requirements of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of these Committees and the assignment of members to various committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

(A) Audit, Risk & Controls Committee (A, R&C Committee)

Composition:

As on March 31, 2012, the A,R&C Committee comprised of the following members, namely:

- (i) Dr. Brian William Tempest, Chairman

(ii) Mr. Harpal Singh

(iii) Dr. P S Joshi

(iv) Lt. General T S Shergill

All the members of the Committee are financially literate and one member is having requisite accounting and financial management expertise. The Company Secretary acts as the Secretary of the Committee.

The salient roles and responsibilities associated with the A,R&C Committee include, but are not limited to, the following:

1. Reviewing the integrity of the financial reporting process and the financial statements and disclosures.
2. Review :
 - the annual audited financial statements, external auditors' report thereon and related management's discussion and analysis of the financial condition and results of operations and management's report.
 - the interim financial statements of the company, the external auditors' review report thereon and the related management discussion and analysis.
 - and, if advisable, approve or recommend for Board approval all external filings, advisories or press releases which disclose financial results or offer material disclosure of a financial nature.
3. Approval of the appointment of Chief Financial Officer.
4. Oversight of the work of the external auditors in auditing.
5. Review and recommendation of the appointment or re-appointment or replacement or removal of the external auditors and the compensation thereof.
6. Review of report by the external auditors describing their internal quality control procedures and the Audit Plan.
7. Pre-approval of any retainer of the external auditors for any non-audit service to the company or its subsidiaries in accordance with Position Paper adopted by the Committee and the Board.
8. Review of independence of the internal auditors from management having regard to the scope, budget, planned activities and organization structure of the internal audit function.
9. Approval of the Internal Audit Charter and annual review thereof.
10. Review and approval of the appointment of the Chief Auditor.
11. Review of the findings of internal audit on periodical basis.
12. Defining an appropriate Risk management and Internal Control framework and review of the same.
13. Review and approval of key policies and procedures for the effective identification, measurement, monitoring and controlling of the principal business risks (including reputation and legal risks) consistent with the approved risk limits and overall risk appetite.
14. Reporting to the Board on all material risks reviewed by the Committee.

15. Receiving and reviewing regular reports from the management on the legal or compliance matters that may have a material impact on the company.

The above-mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the A, R&C Committee. The detailed and exhaustive Mandate of the A, R&C Committee is available on the website of the Company for reference.

Reporting to the Board

The Chair shall report to the Board on matters arising at the Committee meetings and, where applicable, shall present the Committee's recommendations to the Board for its approval.

Meetings of A, R&C Committee and attendance during the year

Six meetings of Audit, Risk & Controls Committee were held during the year ended March 31, 2012. These were held on (i) April 7, 2011; (ii) May 27, 2011 (iii) August 12, 2011 (iv) November 14, 2011 (v) November 24, 2011 and (vi) February 8, 2012.

The attendance of members of the A,R&C Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1.	Mr. Malvinder Mohan Singh*	3
2.	Mr. Balinder Singh Dhillon**	4
3.	Dr. Brian William Tempest***	2
4.	Mr. Harpal Singh	4
5.	Dr. P S Joshi	4
6.	Mr. Rajan Kashyap^	2
7.	Lt. Gen. T S Shergill	6

* Stepped down as Member of the Committee w.e.f. November 14, 2011.

** Stepped down as Chairman of the Committee w.e.f. November 14, 2011.

*** Appointed as Member and Chairman of the Committee w.e.f. November 14, 2011.

^ Ceased to be Director on September 19, 2011, and consequently Member of Committee w.e.f. from the same date.

The Statutory Auditors, Internal Auditors, Executive Director, Chief Executive Officer, Chief Financial Officer and the Chief Financial Controller are generally invited to the meetings of the Audit, Risk & Controls Committee.

(B) Shareholders' / Investors' Grievance Committee: Composition

As on March 31, 2012, the Shareholders' / Investors' Grievance Committee comprised of the following members, namely:

- (i) Dr. P S Joshi, Chairman
- (ii) Mr. Shivinder Mohan Singh
- (iii) Mr. Harpal Singh

The Company Secretary acts as the Secretary of the Shareholders'/Investors' Grievance Committee as well as the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with the Stock Exchanges.

Terms of Reference

- To approve/refuse/reject registration of transfer/transmission of Shares;
- To authorise issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation/ Replacement/Re-materialization;
- To issue and allot shares and authorize printing of Share Certificates;
- To affix or authorise affixation of the Common Seal of the Company on Share Certificates of the Company.
- To authorise to sign and endorse Share Transfers and issue Share Certificates approved by the Committee on behalf of the Company.
- To authorise Managers/Officers/Signatories for signing Share Certificates.
- To monitor redressal of shareholders' and investors' complaints about transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.
- Such other functions as may be assigned by the Board.

The Mandate of the Shareholders'/Investors' Grievance Committee is also available on the website of the Company.

Details of investors' grievances received during the year 2011-12:

Nature of Complaints	Received	Resolved/ Attended	Pending
Non Receipt of CAF / Annual Report / Miscellaneous	10	10	Nil
Total	10	10	Nil

The Company gives utmost priority to the redressal of Investors' Grievances which is evident from the fact that all complaints received from the investors were resolved expeditiously, to the satisfaction of the investors.

No share transfer was pending as on March 31, 2012.

Four meetings of Shareholders'/Investors' Grievance Committee were held during the year ended March 31, 2012. These were held on (i) May 27, 2011 (ii) August 12, 2011 (iii) November 14, 2011; and (iv) February 9, 2012.

The attendance of members of the Shareholders' / Investors' Grievance Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1.	Dr. P S Joshi, Chairman	3
2.	Mr. Shivinder Mohan Singh	4
3.	Mr. Harpal Singh	3
4.	Mr. Rajan Kashyap [^]	1

[^] Ceased to be Director on September 19, 2011 and consequently, the Member of Committee w.e.f. from the same date.

(C) Human Resources and Remuneration Committee (HR & R Committee):

Composition

As on March 31, 2012, the HR & R Committee comprised of the following members:

- (i) Dr. P S Joshi, Chairman
- (ii) Mr. Malvinder Mohan Singh
- (iii) Justice S S Sodhi
- (iv) Lt. Gen. T S Shergill

The salient roles and responsibilities associated with the HR&R Committee include, but are not limited to, the following:

1. Assisting in identifying and finalizing suitable candidates as members of the Board and recommendation of compensations norms.
2. Review and approval of periodic target setting, appraisal and evaluation process(es).
3. Review of compensation packages of the Managing Director and Chief Executive Officer's annually.
4. Review and approval of the compensation and other employment arrangements of the senior Management and reviewing the senior Management Development Plans.
5. Review of all terminations / severance of employments where such has been occasioned for cause of breach of policy.
6. Review and approval of a succession and emergency preparedness plan for the Chief Financial Officer and all senior Management reporting directly to the Chief Executive Officer.
7. Review and recommendation to the Board for approval the grant of stock options or pension rights to the employees and/or Directors of the Company and subsidiary companies and to discharge delegated authorities under different ESOP Plans of the Company.
8. Review of management's assessment of significant human resource risks.
9. Review and, if advisable, approve human resource related policies and procedures.

The above-mentioned roles and responsibilities constitute the salient terms of reference and responsibilities for the HR&R Committee. The detailed and exhaustive Mandate of the HR&R Committee is available on the website of the Company for reference.

Meetings of HR & R Committee and attendance during the year

Four meetings of HR & R Committee were held during the year ended March 31, 2012. These were held on (i) May 23, 2011; (ii) August 31, 2011 (iii) December 12, 2011; and (iii) March 26, 2012.

The attendance of members of the HR & R Committee at these meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1.	Dr. P S Joshi, Chairman	4
2.	Mr. Malvinder Mohan Singh	4*
3.	Mr. Balinder Singh Dhillon**	2
4.	Justice S S Sodhi	3
5.	Lt. Gen. T S Shergill^	1

- * Attended one Meeting through Audio Conference.
 ** Stepped down as Member of the Committee w.e.f. November 14, 2011.
 ^ Appointed as Member of the Committee w.e.f. November 14, 2011.

The Company Secretary acts as the Secretary of the HR & R Committee.

Remuneration Policy & criteria of making payments to Executive and Non-Executive Directors

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice.

The Directors' remuneration policy of your Company conforms to the provisions of Companies Act, 1956. The remuneration paid/payable to the Executive Directors is as recommended by the HR&R Committee, decided by the Board and approved by the Shareholders and Central Government, if required.

Presently, the Non-Executive Directors are paid sitting fees for attending the Meetings of Board of Directors and various Committees of Board viz. Audit, Risk & Controls Committee, Shareholders'/ Investors' Grievance Committee, Human Resources & Remuneration Committee.

The key components of the Company's Remuneration Policy for the Board Members are:

- Compensation will be based on credentials and the major driver of performance.
- Compensation will be competitive and benchmarked with industry practice.
- Compensation will be fully transparent and tax compliant.

Remuneration to Directors

Executive Directors

During the year 2011-12, Mr. Malvinder Mohan Singh, Non-Executive Chairman, was appointed as Executive Chairman and Mr. Balinder Singh Dhillon, Non-Executive Director, was appointed as Executive Director of the Company without any remuneration from the Company.

Also, during the year 2011-12, Mr. Shivinder Mohan Singh, Managing Director, was designated as Executive Vice-Chairman.

The Central Government has, vide its letter dated August 5, 2010, approved the payment of a remuneration of ₹ 54 Million p.a. alongwith retiral benefits, for a period of three years with effect from November 13, 2009, to Mr. Shivinder Mohan Singh.

The details of remuneration paid to Mr. Shivinder Mohan Singh during the financial year ended March 31, 2012 is as under:

(Amount in ₹)

Salary, Allowances & Perquisites	Retiral Benefits	Service Contract		Total
		Tenure	Notice Period	
52,200,000	1,728,000	3 years w.e.f. November 13, 2009	3 Months	53,928,000

Notes:

1. Retiral Benefits of ₹1,728,000 are towards 'Employer's PF Contribution'.
2. As the liability for Gratuity & Leave Encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to Mr. Shivinder Mohan Singh is not ascertainable and, therefore, not included in the above.

Further, the Board of Directors of the Company has, at its Meeting held on 14th August, 2012, subject to all necessary approvals, as may be required, approved the Re-appointment of Mr. Shivinder Mohan Singh as Executive Vice Chairman of the Company for a period of 3 (three) years w.e.f. 13th November, 2012, on a Remuneration not exceeding 2% of Net Profits of the Company computed in accordance with Section 198 of the Act or ₹ 15,00,00,000 (Rupees Fifteen Crores) per annum, whichever is higher, as recommended by the HR&R Committee and to revise it from time to time within the aforesaid limits.

Non-Executive Directors' Compensation and Disclosures

Except the sitting fees being paid to the Non-Executive Directors from the Company for attending the Meetings of the Board of Directors and certain of its Committees, there were no other pecuniary relationships or transactions of the non-executive Directors vis-à-vis the Company.

During 2011-12, the Company had made application(s) to the Central Government seeking its approval for payment of an all inclusive Honorarium to each of the Non-Executive Directors of the Company, for an amount of ₹ 7,50,000 per annum for a period of 5 years, commencing from April 01, 2011 with an additional Honorarium of ₹ 2,50,000 per annum to such Non-Executive Director who is also a Chairman of any Committee(s) of the Board or may become so in future. The Company shall make the payment of Honorarium to such Non-Executive Directors upon receipt of approval from the Central Government.

The Shareholding of the Directors as on March 31, 2012 is as follows:

Name of Director	Shareholding in the Company as on March 31, 2012 (No. of Shares)
Mr. Malvinder Mohan Singh	11,508
Mr. Shivinder Mohan Singh	11,508
Mr. Balinder Singh Dhillon	22,000
Dr. Brian William Tempest*	NIL
Mr. Gurcharan Das	10,000
Mr. Harpal Singh	58,003
Dr. P S Joshi	33,000
Justice S S Sodhi	4,000
Mr. Sunil Godhwani	38,500
Lt. Gen T S Shergill	16,000

* Appointed as a Non-Executive Director w.e.f. 2nd August, 2011.

The Company has not granted any stock options to any of its Directors except Mr. Balinder Singh Dhillon.

5. SUBSIDIARY COMPANIES

During the financial year 2010-11, the Company was having Fortis Hospitals Limited (FHsL) as its “material non-listed subsidiary”. Dr. P S Joshi, who is an Independent Director on the Board of the Company, has also been a Director on the Board of FHsL during the said financial year.

Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2011-12, none of the subsidiary companies of the Company has been accounted as a “material non-listed subsidiary” in terms of Clause 49 of the Listing Agreement.

The Audit, Risk & Controls Committee of the Company reviews the financial statements and investments made by the unlisted subsidiary companies. The minutes of the Board Meetings as well as the statements of significant transactions and arrangements entered into by the unlisted subsidiaries, if any, are placed before the Board of Directors of the Company from time to time.

6. EXECUTIVE CHAIRMAN (ECM) & CFO CERTIFICATION

The ECM & CFO certification as stipulated in the Clause 49 (V) of the Listing Agreement was placed before the Board alongwith financial statements for the year ended March 31, 2012. The Board reviewed and took the same on records. The said certificate is provided elsewhere in the Annual Report.

7. CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Certificate on Corporate Governance issued by Sanjay Grover & Associates, Practicing Company Secretary, is given elsewhere in the Annual Report.

8. GENERAL BODY MEETINGS

The location and time of the General Meetings held during the preceding three years are as follows:

Financial Year	Date	Time	Venue	Special resolution passed
Annual General Meetings				
2008-09	25-09-2009	10.30 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Increase in remuneration payable to Mr. Shivinder Mohan Singh, for his remaining tenure as Managing Director of the Company. - Re-appointment of Mr. Shivinder Mohan Singh, Managing Director of the Company for a period of 3 years w.e.f November 13, 2009. - Ratification of all actions taken for implementation for "Employee Stock Option Plan- 2007."
2009-10	18-09-2010	11.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Payment of revised remuneration to Mr. Shivinder Mohan Singh, Managing Director, for his remaining tenor as Managing Director of the Company i.e. from April 01, 2008 till November 12, 2009; - Payment of revised remuneration to Mr. Shivinder Mohan Singh, upon his re-appointment as Managing Director of the Company i.e. from November 13, 2009 till November 12, 2012.

Financial Year	Date	Time	Venue	Special resolution passed
2010-11	19-09-2011	11.00 A.M.	NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi-110016	- Payment of an all inclusive Honorarium to each of the Non-Executive Directors (NEDs) of the Company (present or future) for an amount of ₹ 7.50 Lacs p.a. and an additional honorarium of ₹ 2.50 Lacs to each such NED who is also Chairman of any Committee(s) of the Board or may so become in future, for a period of 5 years w.e.f. 1st April, 2011; - Approval for proposed “Employee Stock Option Plan – 2011” for the benefit of employees and directors of the Company; - Approval for extending benefits of said “Employee Stock Option Plan – 2011” to the employees and directors of the Holding or Subsidiary Companies.
Extra-ordinary General Meeting				
2009-10	09-06-2010	10.00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	- Preferential Issue of 2,23,52,940 Equity Shares of ₹10 each, for cash, at a premium of ₹160/- per Equity Share, aggregating upto ₹379,99,99,800/- to M/s Lathe Investment Pte Ltd.

Details of resolution passed by way of Postal Ballot

During the year ended March 31, 2012, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the members of the Company have approved following resolutions by means of postal ballot, vide Notice of Postal Ballot dated January 11, 2012 and results whereof were declared on February 23, 2012, at the registered office of the Company at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025:

- (i) Special Resolution under Section 21 and other applicable provisions of the Companies Act, 1956, if any, for the Change of name of the Company from “Fortis Healthcare (India) Limited” to “Fortis Healthcare Limited”
- (ii) Ordinary Resolution under Section 269 and other applicable provisions of the Companies Act, 1956, if any, for the Appointment of Mr. Malvinder Mohan Singh as an “Executive Chairman” of the Company;
- (ii) Ordinary Resolution under Section 269 and other applicable provisions of the Companies Act, 1956, if any, for the Appointment of Mr. Balinder Singh Dhillon as an “Executive Director” of the Company

For the conduct of Postal Ballot exercise, Mr. Vineet K Choudhary of M/s V.K. Choudhary & Co., Company Secretary in Practice, was appointed as Scrutinizer.

Summary of the result of the aforementioned Postal Ballot, announced by Lt. Gen. T S Shergill, Director of the Company, on February 23, 2012 is as follows:

Sr. No.	Item	No. of valid postal ballot forms received	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid postal ballot forms received
1.	Special Resolution under Section 21 and other applicable provisions of the Companies Act, 1956, if any, for the Change of name of the Company from “Fortis Healthcare (India) Limited” to “Fortis Healthcare Limited”	1715 (representing 341816286 Equity Shares)	1680 (representing 341807401 Equity shares)	35 (representing 8885 Equity shares)	394 (representing 5073853 Equity shares)
2.	Ordinary Resolution under Section 269 and other applicable provisions of the Companies Act, 1956, if any, for the Appointment of Mr. Malvinder Mohan Singh as an “Executive Chairman” of the Company	1680 (representing 341805075 Equity shares)	1618 (representing 341795813 Equity shares)	62 (representing 9262 Equity shares)	429 (representing 5085064 Equity shares)
3	Ordinary Resolution under Section 269 and other applicable provisions of the Companies Act, 1956, if any, for the Appointment of Mr. Balinder Singh Dhillon as an “Executive Director” of the Company	1669 (representing 341782016 Equity shares)	1605 (representing 341768189 Equity shares)	64 (representing 13827 Equity shares)	440 (representing 5108123 Equity shares)

During the current financial year, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the members of the Company have approved following resolution by means of postal ballot, vide Notice of Postal Ballot dated June 1, 2012 and results whereof were declared on July 13, 2012, at the registered office of the Company at Escorts Heart Institute And Research Centre, Okhla Road, New Delhi-110025:

Ordinary Resolution for (i) transfer of the Company’s balance shareholding in Kanishka Healthcare Limited and Fortis Health Management Limited, directly and indirectly, to Religare Health Trust Trustee-Manager Pte. Limited (in its capacity as trustee-manager of Religare Health Trust (“RHT”)) and (ii) reduction, from 100% to not less than 26%, of the Company’s beneficial stake in RHT, and consequently the Hospital Services Companies, as a result of the proposed Initial Public Offer of units in RHT.

For the conduct of Postal Ballot exercise, Mr. Mukesh Manglik, Company Secretary in whole time practice, was appointed as Scrutinizer.

Summary of the result of the aforementioned Postal Ballot, announced by Mr. Shivinder Mohan Singh, Executive Vice Chairman of the Company, on July 13, 2012 is as follows:

Item	No. of valid postal ballot forms received	Votes cast in favour of the resolution	Votes against the resolution	No. of invalid postal ballot forms received
Ordinary Resolution for (i) transfer of the Company's balance shareholding in Kanishka Healthcare Limited and Fortis Health Management Limited, directly and indirectly, to Religare Health Trust Trustee- Manager Pte. Limited (in its capacity as trustee-manager of Religare Health Trust ("RHT")) and (ii) reduction, from 100% to not less than 26%, of the Company's beneficial stake in RHT, and consequently the Hospital Services Companies, as a result of the proposed Initial Public Offer of units in RHT.	1638 (representing 342107433 Equity Shares)	1437 (representing 342083208 Equity Shares)	201 (representing 24225 Equity Shares)	57 (representing 24232 Equity Shares)

Procedure for Voting by Postal Ballot

The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts alongwith the Postal ballot Form and the self-addressed, postage prepaid business reply envelope, are sent to all the members, under secured mode of Posting.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal Ballot Form received after this date, is strictly treated as if the form has not been received from the member.

The scrutinizer appointed for the purpose scrutinizes the postal ballots received and submits his report to the Company.

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favour are at least three times than the votes cast against and in case of ordinary resolution, the resolution is deemed to have been passed, if the votes cast in favour are more than the votes cast against.

Further, presently, no resolution has been proposed to be passed through Postal Ballot at ensuing AGM.

9. DISCLOSURES

Related Parties Transactions

The details of transactions with related parties or others, if any, as prescribed in the Listing Agreement, are placed before the Audit, Risk & Controls Committee periodically.

In cases of material transaction the same are pursued under direct guidance of the Audit Risk and Controls Committee with appropriate disclosures and safeguards being implemented to isolate the conflict. Where required, independent Advisory Committees are constituted and external expert opinion sought for Board consideration.

Accounting Treatment

While in the preparation of financial statements, no treatment different from that prescribed in an Accounting Standards has been followed.

Utilization of Proceeds from Issues

The proceeds from the Initial Public Offering (IPO), Rights Issue of Equity Shares with detachable warrants and issue of Foreign Currency Convertible Bonds have been utilized as per the objects of the respective issue and details of the same are placed before the A,R&C Committee periodically for its review.

Compliances by the Company

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI and other statutory authorities relating to the above.

Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines 2009. These Guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Ministry hopes that adoption of these guidelines will also translate into a much higher level of stakeholders' confidence which is crucial to ensure the long-term sustainability and value generation by business. The guidelines broadly focuses on areas such as Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, Compliance with Secretarial Standards and a mechanism for whistle blower support.

As a frontrunner in Corporate Governance in India, the Company's policies and practices embrace some of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company continues to evaluate its Corporate Governance parameters in the context of the other recommendations under the said Guidelines for appropriate adoption in keeping with the Company's business model, in due course of time.

10. MANAGEMENT

- (a) Management Discussion and Analysis Report forms part of the Annual Report to the Members.
- (b) During the year under review, no material financial and commercial transaction has been entered by Senior Management personnel, where they have any personal interest that may have potential conflict of the Company at large. The Company has obtained requisite declarations from all Senior Management Personnel in this regard and the same were duly placed before the Board of Directors on periodic basis.

11. INVESTOR RELATIONS - BOOSTING INVESTOR CONFIDENCE

The Company recognizes the need and importance of a proactive and efficient Investor Relations (IR) function in the current business landscape. Given the dynamic nature of the present economic environment, the complexities of the industry we operate in and the larger size and scale of our business which now encompasses a number of geographies and healthcare verticals, the requirement to constantly communicate and update the investment community has become imperative.

The Company's Investor Relations function endeavors to be in a continuous dialogue with existing and

potential shareholders and other market participants viz. sell side and buy side analysts, fund managers, equity sales and other shareholders in order to apprise them of the Company's strategy, financial and operational parameters. It seeks to provide timely, accurate and relevant information on the various facets of the Company's performance so as to enable investors to take informed decisions on their investment options. While creating a better understanding of the Company's businesses, a to and fro interaction also provides a channel to take feedback from the investors, allay any concerns and provide the Company management with a perspective from the investment community.

The IR function uses a number of mediums for investor interactions which include periodical quarterly earning calls, participation at international and domestic investor forums, direct one to one meetings and conference calls, press releases, healthcare field trips, etc so as to reach out and effectively communicate with the investment community.

12. OTHER DISCLOSURES

- (a) The Company has issued 1,000, 5 percent Foreign Currency Convertible Bonds of US\$ 1,00,000 each aggregating US\$ 100 Million in May, 2010. These bonds are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are convertible at the option of the bondholders between May 2013 and May 2015.

During the year 2011-12, the Company has granted 200,000 Options at an exercise price of ₹152 under Employee Stock Option Plan – 2007 and 40,50,000 Options at an exercise price of ₹111 under Employee Stock Option Plan – 2011.

Other than the aforesaid Foreign Currency Convertible Bonds and Stock Options granted by the Company under Fortis Employee Stock Option Plan 2007 and Employee Stock Option Plan – 2011, details whereof is given in Directors' Report, no other GDRs / ADRs / Warrants or any other Convertible instrument is outstanding as on March 31, 2012.

- (b) In furtherance of the strategic intent to consolidate Fortis Group's healthcare services business across Asia Pacific Region and increase integration amongst various entities existing in the key geographical focus areas for greater operational and administrative efficiencies, Fortis Healthcare International Pte. Limited ("FHIPL") was consolidated with the Company, to form one of the largest healthcare delivery networks in the Asia-Pacific region. FHIPL was consolidated with the Company w.e.f. 11th January, 2012 at a valuation of USD 665 Million, thereby combining the Indian and overseas operations of the Fortis Group under one umbrella.

13. CORPORATE ETHICS

As a responsible corporate citizen, the Company has adopted and seeks to follow a lead standard of corporate ethics in both business and corporate interactions. These standards are embodied under its various operational policies, which provide the foundation and act as guiding principles in pursuing business objectives. These policies and guidelines are subject to periodical review and amongst others include:

- a) Position paper on "Independence of Statutory Auditors"
- b) Whistle Blower Policy
- c) Risk Management Policy
- d) Foreign Exchange Risk Management Policy
- e) Delegation of Power - Policy Document

Code of Conduct and Prohibition on Insider Trading

In compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has instituted a comprehensive Code of Conduct for its Management and Staff. The

Code lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

Companies from which the Promoters have dis-associated in the last three years

The promoters of the Company have not dis-associated themselves from any Company in the last three years.

14. MEANS OF COMMUNICATION

- a) **Quarterly Results:** The quarterly financial results are generally published in Business Standard (English and Hindi Editions).
- b) **Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website viz. www.fortishealthcare.com
- c) **News Release, Presentations:** The Company also makes a presentation to the investors and analysts after taking on record the quarterly results by the Company. The press releases/official news, detailed presentation made to media, analysts, institutional investors etc are displayed on the Company's website. Official Media Releases are also sent to the stock exchanges before dissemination to the media.
- d) **Intimation to the Stock Exchanges:** The Company also intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.

15. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

(i) Date of AGM

The Annual General Meeting is proposed to be held on **Saturday, September 29, 2012 at 11.30 A.M. at NCUI Convention Centre, 3, Khel Gaon Marg, New Delhi - 110016.**

Posting of Annual Report : On or before September 4, 2012

Last date of receipt of Proxy Form : September 27, 2012 till 11.30 A.M.

(ii) The Financial Year of the Company is starting from April 1 and ending on March 31 of next year.

(iii) Financial Calendar 2012-2013 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or Before)
1.	Financial Reporting for the quarter ending June 30, 2012	August 14, 2012
2.	Financial Reporting for the quarter ending September 30, 2012	November 14, 2012
3.	Financial Reporting for the quarter ending December 31, 2012	February 14, 2013
4.	Financial Reporting for the quarter ending March 31, 2013*	May 15, 2013
5.	Annual General Meeting for the year ending March 31, 2013	On or before September 30, 2013

* As provided in Clause 41 of Listing Agreement, Board may also consider submission of Audited Financial Results for the year 2012-13 in lieu of Unaudited Financial Results for the fourth quarter, on or before May 30, 2013 (or such other period as may be stipulated from time to time).

(iv) Date of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from **Tuesday, September 25, 2012 to Saturday, September 29, 2012 (both days inclusive).**

(v) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

- National Stock Exchange of India Limited (NSE), Bandra Kurla Complex, Bandra (E), Mumbai-400051
- The Bombay Stock Exchange Limited (BSE), PJ Tower, Dalal Street, Fort, Mumbai-400001

The Foreign Currency Convertible Bonds of the Company are listed on "Bourse de Luxembourg" (Luxembourg Stock Exchange) and are admitted to trading on the EURO MTF market of the Stock Exchange.

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date.

(vi) Stock Code of Equity Shares / FCCBs

Trade Symbol at National Stock Exchange of India Limited is FORTIS Stock Code at Bombay Stock Exchange Limited is 532843

ISIN for Equity INE061F01013

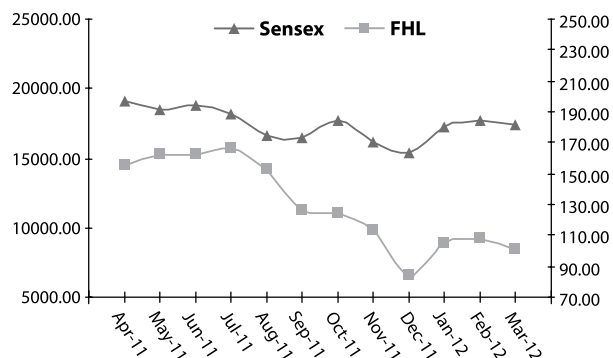
ISIN for FCCBs: XS0508392817

Common code for FCCBs: 050839281

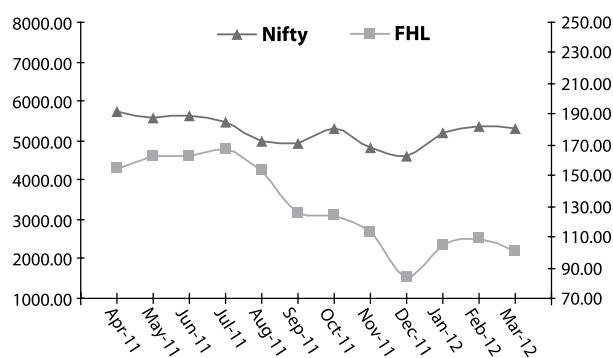
(vii) Stock Market Data / liquidity:

The Company's shares are among the actively traded shares on NSE & BSE. The monthly trading volumes of the Company's shares on these exchanges and comparison with broad-based indices, viz. BSE Sensex and NSE Nifty is as follows:

Month	Share Price (₹) at BSE			Share Price (₹) at NSE		
	High	Low	Volume	High	Low	Volume
April 2011	165.10	150.55	14,94,275	165.10	150.30	74,73,473
May 2011	163.85	146.20	13,26,119	176.10	148.10	73,57,125
June 2011	169.70	150.70	11,95,472	169.70	142.00	61,68,408
July 2011	171.50	160.05	14,14,447	171.50	160.35	60,05,469
August 2011	168.50	145.50	15,55,418	168.40	145.00	65,52,725
September 2011	157.25	123.20	35,83,330	157.30	123.00	1,59,19,237
October 2011	126.50	119.65	14,45,518	126.90	118.15	72,29,225
November 2011	133.15	110.05	21,37,721	134.45	110.10	1,00,50,922
December 2011	117.80	81.00	60,57,659	116.90	76.00	2,12,52,354
January 2012	108.75	83.40	31,30,035	108.80	83.25	1,31,59,502
February 2012	117.60	104.05	34,03,580	117.60	104.40	1,43,05,800
March 2012	111.90	97.55	20,42,512	122.05	97.00	1,02,28,248

Stock Price Performance - FHL Vs BSE Sensex

Based on closing data of BSE Sensex (Pts.) and FHL (₹ per Share)

Stock Price Performance - FHL Vs NSE Nifty

Based on closing data of NSE Nifty (Pts.) and FHL (₹ per Share)

(viii) Derivatives Trading

W.e.f February 19, 2010, the Company's equity shares are available for trading in F&O Segment {FHL FUTSTK (NSE)}.

(ix) Registrar and Transfer Agent

Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) are acting as Registrar and Transfer Agents (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares are being handled by them. The Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

Link Intime India Private Limited

A-40, 2nd Floor, Naraina Industrial Area, Phase - II, Near Batra Banquet Hall, New Delhi - 110028

Tel.: +91 11 41410592/93/94 Fax: +91 11 41410591

Email: delhi@linkintime.co.in

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

(x) Nomination Facility

The shareholders holding shares in physical form may, if they so want, send their nominations in prescribed Form 2B of the Companies (Central Government's) General Rules and Forms, 1956, (which can be obtained from the Company's RTA or downloaded from the Company's website www.fortishealthcare.com) to the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

(xi) Dematerialization of Shares

As on March 31, 2012, 40,42,29,989 Equity shares representing 99.77% of the paid up Equity Capital of the Company had been de-materialized.

The Company's Equity shares have been allotted ISIN (INE061F01013) both by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

(xii) Elimination of Duplicate Mailing

The shareholders who are holding Shares in more than one folio in identical name or in joint holders' name in similar order, may send the share certificate(s) along with request for consolidation of holding in one folio to avoid mailing of multiple Annual Reports.

(xiii) Share Transfer System

The Company's share transfer authority has been delegated to the officials of the Company. The delegated authority(ies) attend the share transfer formalities on weekly basis to expedite all matters relating to transfer, transmission, transposition, split and re-materialization of shares and taking on record status of redressal of Investors' Grievance, etc., if any. The share certificate(s) received by the Company/ RTA for registration of transfers, are processed by RTA (on a weekly basis) and transferred expeditiously and the endorsed Share Certificate(s) are returned to the shareholder(s) by registered/speed post.

As per the requirements of Clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

(xiv) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out by a Practicing Company Secretary for each of the quarter in the financial year 2011-12, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The secretarial audit reports confirm that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Reconciliation of Share Capital Audit Report for each quarter of the Financial Year ended March 31, 2012, has been filed with Stock Exchanges within one month of end of the respective quarter.

(xv) Demat Suspense Account as per Amended Clause 5A of the Listing Agreement:

Pursuant to the insertion of Clause 5A in the Listing Agreement, the Company has opened a Demat Suspense Account - "Fortis Healthcare Limited IPO Suspense Account" and other information as required under amended Clause 5A of the Listing Agreement is as follows:

- i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e., April 01, 2011: 55 shareholders and 5,242 shares.
- ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: 1 Shareholder for 60 Shares.
- iii. Number of shareholders to whom shares were transferred from suspense account during the year: 1 Shareholder for 60 Shares.
- iv. Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2012: 54 Shareholders and 5182 shares.

The voting rights of these shares shall remain frozen till the rightful owners of such shares claim the subject shares. The details of the shares that have not been credited to Demat Account and are lying in "Fortis Healthcare Limited IPO Suspense Account" can be viewed at Investor Section on the Company's website www.fortishealthcare.com and the concerned persons are requested to apply to the Company/RTA with requisited documents for transfer of shares to their Demat Account.

Further, as required under Clause 5A.II of the Listing Agreement, as on March 31, 2012, no share in physical form remains unclaimed.

(xvi) Share Dematerialization System

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

(xvii) Distribution of Shareholding as on March 31, 2012

Number of equity shares held	No. of Share-Holders	% age of Share-Holders	Amount (in ₹)	(%) to Total
Upto 2,500	103,708	81.384	87,511,330	2.160
2,501 to 5,000	14,535	11.405	54,730,910	1.350
5,001 to 10,000	5,202	4.082	41,963,520	1.036
10,001 to 20,000	2,160	1.695	33,064,220	0.816
20,001 to 30,000	657	0.516	16,975,640	0.419
30,001 to 40,000	280	0.220	10,112,290	0.250
40,001 to 50,000	245	0.192	11,712,380	0.289
50,001 to 1,00,000	301	0.236	22,383,680	0.552
1,00,001 and above	343	0.269	3,773,343,180	93.128
Total	127,431	100.00	4,051,797,150	100.00

(xviii) Shareholding Pattern as on March 31, 2012

S. No.	Category	Number of Shareholders	No. of Shares held	% of Shareholding
1.	Promoters and Promoter Group	9	330,153,949	81.48
2.	Banks, Financial Institutions	8	3,374,708	00.83
3.	FII's/Foreign Companies	68	20,759,576	05.13
4.	Indian Bodies Corporate	1,633	17,732,095	04.38
5.	NRI's/Foreign Nationals	1,679	1,836,451	00.45
6.	Indian Public	124,034	31,322,936*	07.73
	Total	127,431	405,179,715	100.00

* The above Shareholding Pattern includes 2,300 Equity Shares allotted by the Company on March 26, 2012, upon exercise of vested options by eligible employees. However, as on 31st March, 2012, these shares were not credited in the accounts of allottees.

(xix) Lock-in of Equity shares

As on March 31, 2012, none of the shares of the Company are under lock-in.

(xx) Employee Stock Options

Employee Stock Option Plan 2007: The Company has in place the Employee Stock Option Plan 2007, under which a permanent employee of the Company or its Subsidiaries, whether working in India or abroad, and Directors of the Issuer and the Subsidiaries (other than an employee who is a Promoter or part of the Promoter Group, or a Director who directly or indirectly holds more than ten percent of the outstanding equity share capital of the Issuer) are eligible for stock options. The grant of these options to eligible employees shall not exceed one percent of the issued and subscribed equity share capital of the Issuer at the time that the options were granted to such employees.

Employee Stock Option Plan 2011: During the year under review, the Company has also instituted Employee Stock Option Plan 2011, whereunder Permanent Employees and Directors of the Company and of its holding or of its subsidiary company(ies) are eligible (excluding the employee who is either promoter or belongs to the Promoter Group, as defined in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI (ESOP) Guidelines"), and the Director who either by himself or through his/her relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company) for the grant of stock options, as may be determined by the HR & Remuneration Committee in line with designated rules. The total number of options to be granted under this Plan shall not exceed 3% of the total Paid up Equity Share Capital of the Company as on August 12, 2011, i.e., 12,154,825 options (3% of 405,160,815 Equity Shares). The maximum number of options to be granted to each employee shall not exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversion) as on the date of grant of options.

Detailed information relating to ESOPs has been given as an annexure to the Directors' Report.

(xxi) Hospital Location

Fortis Hospital-Mohali
Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062

(xxii) Address for Correspondence:

For share transfers/ dematerialization of shares, payment of dividend and any other query relating to shares:

Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area,
Phase - II, Near Batra Banquet Hall, New Delhi - 110028
Telephone No.:+91 11 41410592/93/94 Fax No.:+91 11 41410591
Email: delhi@linkintime.co.in

For Investor Assistance

The Company Secretary,
Fortis Healthcare Limited
Escorts Heart Institute And Research Centre, Okhla Road, New Delhi 110025
Telephone No.: +91 11 2682 5000 Fax No.: +91 11 4162 8435
Email:secretarial@fortishealthcare.com
Website: www.fortishealthcare.com

16. NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49**(a) Board of Directors Governance Standards**

On May 1, 2010, the Board adopted Standards for its Governance, named as “Board Governance Standards” formulating therein the standards relating to its composition, its responsibilities, expectations from Board Members, tenure of Board Members, compensation, board evaluation and training, Director’s orientation and education etc. A copy of the said Governance Standard is also available on our website www.fortishealthcare.com.

(b) Remuneration Committee

The Board of Directors has constituted a Human Resources & Remuneration Committee (HR & R), of which majority is composed of independent Directors. The details of HR & R Committee and its powers have already been discussed in this report.

(c) Shareholders’ Rights

The quarterly/ half-yearly results in the prescribed performa are published in leading English and Hindi dailies. The results are also made available on Company’s website www.fortishealthcare.com.

17. GO GREEN INITIATIVE

- (a) The shareholders having shares in physical form are requested to register their e-mail IDs with us or our Registrar, at the address given elsewhere in this report, to enable us to serve any document, notice, communication, annual report, etc., through e-mail.
- (b) The shareholders holding shares in Demat form are requested to register their e-mail IDs with their respective Depository Participant for the above purpose.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the financial year ended March 31, 2012.

August 8, 2012
New Delhi

Sd/-
Shivinder Mohan Singh
Executive Vice Chairman

Executive Chairman and CFO Certificate

To the Members of

Audit, Risk and Controls Committee and Board of Directors of Fortis Healthcare Limited

We, Malvinder Mohan Singh, Executive Chairman, and Sandeep Puri, Chief Financial Officer, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit, Risk & Controls Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit, Risk & Controls Committee that:
 - (i) there has not been any significant change in internal control over financial reporting during the year under reference;
 - (ii) there has not been any significant changes in accounting policies except to the extent already disclosed in the financial statement(s), and
 - (iii) there are no instances of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : May 28, 2012

Malvinder Mohan Singh
Executive Chairman

Sandeep Puri
Chief Financial Officer

Certificate on Corporate Governance

To,

The Members,

Fortis Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by M/s Fortis Healthcare Limited, for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of the certificate of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Sanjay Grover & Associates
Company Secretaries**

Date : August 06, 2012
Place : New Delhi

**Sanjay Grover
C.P. No. 3850**

Management Discussion and Analysis Report

Global Economic Scenario

The worldwide GDP is expected to grow from approximately USD 69 trillion in 2011 to USD 85 trillion in 2015, at a compounded annual growth rate (CAGR) of 5.6%. The Asia Pacific (APAC) region is expected to witness the fastest growth, in percentage, in GDP and GDP per capita. The region, comprising 15 nations (including Australia, India, China, Japan, South East Asian countries and other emerging Asian countries), is estimated to grow from approximately USD 20 trillion in 2011 to USD 26 trillion in 2015 at a CAGR of 7.5%, led primarily by the strong economic growth in China, India and the ASEAN countries. The higher per capita GDP is expected to result in an increased demand for quality healthcare services across most countries in the region. While North America and the European Union (EU) countries are expected to witness GDP CAGRs of 4.2% and 3.6%, respectively, the Middle East and North Africa (MENA) region is estimated to grow at a CAGR of 6.2% from 2011 to 2015.

Global Population Statistics: The United Nations (UN) estimates that the global population will rise from approximately 6.8 billion in 2009 to 9.1 billion in 2050. The UN also anticipates that by 2050, Asia and Africa will account for 79% of the world's population. Asia is expected to have the highest population in 2050, reaching 5.2 billion, with a CAGR of 0.6% from 2009 to 2050, followed by Africa. Asia is also expected to witness a rapidly ageing population, with the proportion of those who are 60 years and above growing from 11% in 2010 to 28% in 2050. The rate of growth and demographic shifts are an indication of the opportunity for healthcare delivery services to meet the demands of the population in the region.

THE HEALTHCARE INDUSTRY

The Global Healthcare Industry

The global healthcare industry comprises a wide range of products and services offered by hospitals, nursing homes, diagnostic laboratories, physicians, pharmacies, pharmaceutical companies, medical equipment manufacturers and suppliers.

According to the Economic Intelligence Unit (EIU), the global healthcare industry is believed to have spent approximately USD 6.0 trillion on healthcare expenditure in 2011, both on the public and private sides. North America and Western Europe have accounted for approximately 70% of this expenditure.

Despite the cost pressures faced by healthcare providers, the global healthcare industry is expected to experience steady growth, reaching USD 7.5 trillion in healthcare expenditure by 2015. This would be driven by changing demographic patterns, rising population, gaps in healthcare access and overall economic growth. With the prevailing challenges in the US and Europe, the emerging economies, comprising the Asia Pacific region and the transition[^] economies, are projected to witness a higher growth in healthcare expenditure from 2011 to 2015, with CAGRs of 10.0% and 10.2% respectively. Asia Pacific's healthcare expenditure is expected to rise from approximately USD 1.2 trillion to approximately USD 1.8 trillion in the aforesaid period.

Table: Healthcare expenditure of the Global & Major regions from 2011 to 2015

Figures in USD billion

	2011E	2012E	2013E	2014E	2015E	CAGR (2011-15)
World	6,042	6,325	6,674	7,079	7,524	5.6%
North America	2,639	2,759	2,900	3,060	3,228	5.2%
Western Europe	1,590	1,590	1,619	1,660	1,737	2.2%
Transition Economies	175	192	213	234	259	10.2%
Asia Pacific	1,216	1,355	1,486	1,637	1,778	10.0%
Latin America	354	380	401	425	452	6.3%
The Middle East and Africa	100	105	117	127	138	8.3%

[^](Transition economies include Azerbaijan, Bulgaria, Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia & Ukraine)

Source: Economist Intelligence Unit (EIU)

Trends in the Global Healthcare Industry

The global healthcare industry is witnessing a paradigm shift led by increasing awareness amongst consumers and implying a move in healthcare services from sickness to wellness and from treatment to

preventive medicine or treatment. Government and health organisations are increasing their efforts to create greater consumer awareness for healthy living, largely triggered by the various disease outbreaks in the recent past including H1N1, among others.

The increasing access to an array of communication mediums, such as the Internet and print media, has led to a higher level of patient awareness and a larger demand for quality healthcare services. As a result, there is a need for the government and healthcare providers to expand healthcare systems to meet the growing consumer demand.

Key growth drivers for the global healthcare industry are as follows:

1. **Rising population:** Rising population and a better economy will see developed nations improving their quality of care, albeit with funding constraints, given their current economic environment, while the emerging countries will see an increase in government spending and private insurance to widen healthcare access.
2. **Rapidly ageing population:** A rapidly ageing population will increase the demand for geriatric care, treatment and preventive services that are related to chronic diseases or non-communicable diseases. APAC, particularly the more economically developed countries in the region, will see a significant increase in proportion of such elderly population by 2050.
3. **Expansion of healthcare access and expenditure through government and private funding:** According to PwC's projections, between 2010 and 2020, the OECD (Organisation for Economic Co-operation and Development) and the BRIC (Brazil, Russia, China and India) nations will spend cumulatively USD 3.6 trillion on health infrastructure and USD 68.1 trillion on non-infrastructure healthcare. The increase in expenditure per capita, especially among the middle and high income groups, also leads to a higher demand for wellness programmes, branded or corporate set-up hospitals, prevention treatment, medical tourism and other related aspects of healthcare.
4. **Convergence of healthcare industry:** The paradigm shift towards preventive medicine and wellness would drive growth in other fields

such as genetics, information technologies, and nanotechnology towards a more individualised approach to healthcare. The convergence of all these aspects creates an opportunity to enable personalisation, targeted medicines, new drug delivery mechanisms and virtual patient monitoring tools.

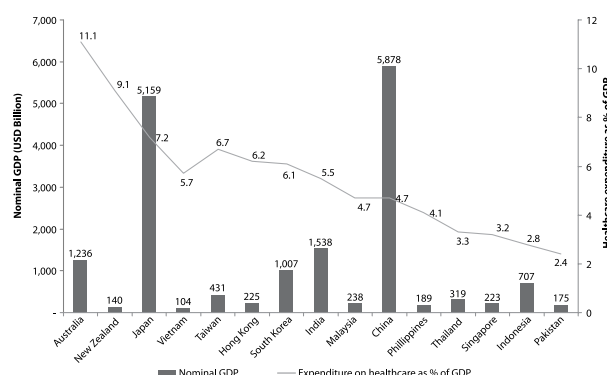
However, growth in the global healthcare industry would continue to be restrained by a number of issues with key ones being the global economic cycle which is still on a gradual recovery path and having implications on consumer spending, healthcare budgets and capital investments; lower healthcare spending in emerging economies and increasing local competition. The shortage of healthcare professionals worldwide may also limit the desired expansion of healthcare services across many regions. Other challenges would include rising costs, unsatisfactory public healthcare quality, changes in incidence of diseases and inequality of healthcare access in different economies.

The Asia Pacific Healthcare Industry

Asia Pacific accounts for around 60% of the global population, and is a highly diverse region with significant differences in geopolitics, cultures and religions, demographics and social development. Governments in Asia Pacific are focusing their efforts on improving healthcare infrastructure and services, in their respective countries. The region has become the global hub for emerging private hospital services driven by medical tourism activities, increasing chronic disease burden, and the growing ageing population.

The GDP of Asia Pacific is estimated to increase to approximately USD 26.3 trillion in 2015, with healthcare spending accounting for 6.8% of the same. While Australia, New Zealand, and Japan each have a relatively high level of healthcare spending as a proportion of GDP (varying between 7% and 12%), other countries in Asia Pacific like India, Malaysia, China, The Philippines, Thailand, Singapore and Indonesia have a lower proportion of their GDP spent on healthcare (varying between 2% and 5%). This is reflective of the importance placed on healthcare spending by these countries, and explains the existence of or the lack of an excellent healthcare infrastructure in these countries.

Chart: GDP of Specific Asia Pacific Countries and Total Expenditure on Health as a % of the GDP (2010)



Source: IMF and Frost & Sullivan

With the ageing of the population, there is an increase in dependency on private healthcare services. Consequently, governments are expected to be forced to commit a larger share of GDP to healthcare. While developed countries in Asia Pacific have a high per capita healthcare spend and a higher percentage of government expenditure on healthcare relative to the overall healthcare expenditure, emerging economies are dominated by a higher private sector spend and out of pocket expenses on healthcare due to low medical insurance penetration and a lower per capita healthcare spend. For such countries health sector reforms and large investments in healthcare infrastructure, particularly those aimed at encouraging private investment in the health sector, can pay high dividends in terms of a better quality of life for their citizens.

Key Growth Drivers

Increasing Wealth in the Asia Pacific Region: The Asia Pacific Region has the fastest growing GDP and GDP per capita in terms of percentage which will require the economies in the region to provide much better access to good healthcare facilities to their citizens in a cost-effective manner. The rising demand for healthcare products and services within these countries and the underpinnings of significant changes in the healthcare delivery system, with an emphasis towards private sector led and Public Private Partnership (PPP) based models, would fuel growth of healthcare services in the region.

Growing Population & Changing Demographics: The Asian region, with a majority of the world's

population provides a huge market in medical infrastructure and healthcare delivery services. With increasing life expectancy, private healthcare services play an important role in handling patients that the government facilities are unable to cope with. It is estimated that the population aged 60 years and above is set to increase at a rapid pace in the region to reach 500 million by 2015. On the other hand, the emerging economies in the region are also witnessing a growing middle class population with higher disposable incomes, better literacy levels, more healthcare awareness, leading to demand quality healthcare with a preference to opt for private healthcare services. The middle class population in Asia Pacific accounts for 28% of the global middle class population.

Increase in Chronic Diseases in the Asia Pacific Region: Non Communicable Diseases (NCD) have become a leading cause of death, morbidity and disability in the region. Some of the key factors contributing to the increase in these chronic diseases include demographics, unhealthy diet, physical inactivity and increasing intake of tobacco and alcohol. Cardiovascular diseases, cancer, chronic lung diseases and associated disorders have emerged as major health problems. This has led to an increasing demand for healthcare set-ups providing super speciality and tertiary care of treatment for such chronic diseases in the region.

Medical Tourism: Medical tourism is a rapidly growing industry and has become a common phenomenon in the Asia Pacific Region. Some of the major medical hubs in the Asia Pacific region for medical tourism include India, Singapore, Malaysia and Thailand. Overall, the number of medical tourists visiting Asia Pacific is expected to grow by 10%-15% annually until 2015. The key factors that will continue to provide an impetus to growth in medical tourism would include the increasing adoption of sophisticated medical technology, rising affluence of the middle income group seeking cost effective and affordable quality medical care, availability of skilled doctors and para-medical staff, world class accredited facilities, better access to healthcare related information, willingness of patients to travel to access specialised treatment not available in their own country and lesser waiting times.

Expanding access to healthcare: The rise in the affluent population in the Asia Pacific region, coupled with a shortage in the availability of healthcare professionals, has resulted in disparity with regard to healthcare access. High quality services are accessible to a fraction of the population in emerging countries. The lack of these services and the requisite medical infrastructure provide a robust opportunity for private healthcare service providers to review their business models and explore possibilities of reaching a wider population. The use of medical technologies such as telemedicine, remote monitoring through integration of information technology, collaboration with private insurance, organic and inorganic expansion in rural and semi-urban markets, are some of the ways and means by which healthcare access can expand and reach a wider population.

Select markets in Asia Pacific

India

India is the second most populous country in the world, and based on its economic growth, is emerging as an attractive market for healthcare delivery. By 2030, India is expected to surpass China to become the world's most populous nation. Total healthcare spending as a percentage of GDP stands at approximately 5% currently. This is higher than some other emerging economies, but much lower than the developed economies where healthcare spend accounts for an average of around 12% of GDP. The Indian healthcare industry was estimated to be approximately USD 68 billion in 2011 and is expected to reach approximately USD 120 billion by 2015, a CAGR of 15%. Currently, India accounts for nearly 6% of the world's hospital beds and shares 20% of the world's disease burden. Of the total healthcare market in India approximately 70% comprises the healthcare delivery services, followed by approximately 20% from pharmaceuticals and the rest from medical technologies and other components. The Indian healthcare delivery system comprises both the public (government) and the private sectors providing primary, secondary and tertiary care to the population. While the public system focuses mainly on primary care in rural areas, the private segment caters to the urban population and is focused on secondary and tertiary care. Approximately 70%-80% of the total healthcare workload in India is catered to by the private sector, of which approximately

10% is serviced by the corporate hospital chains, with the balance being in the unorganised sector i.e. smaller hospitals/nursing homes. Another important characteristic of the healthcare delivery market in India is the disparity in healthcare services between the rural and the urban populaces. While secondary and tertiary care services are provided by both public and private organisations, in metros and tier 1 cities, the rural areas are relegated to basic care i.e. primary care services which have limited accessibility and a lack of quality healthcare delivery infrastructure and services. The household expenses towards healthcare are expected to increase from 7.5% in 2005 to approximately 10% in 2015.

Opportunities and Key Growth Drivers

- Given the changing lifestyles and the growing consumption of tobacco and alcohol, coupled with factors such as poor diets, physical inactivity; non – communicable diseases such as cancer, stroke, diabetes and others which require hospitalisation, are on the rise in India. The National Commission on Macroeconomics and Health (NCMH) estimates India to have more than 2.5 million cancer patients by 2015, World Health Organisation (WHO) estimates India will become the diabetes capital of the world with 79 million patients by 2030. Coupled with these and other chronic illnesses, patient volumes are expected to rise rapidly, with larger contributions from inpatients. Inpatient revenues are expected to constitute 63.7% of the healthcare delivery market in 2015, as compared to 55.4% in 2010.
- India is amongst the nations that are experiencing the fastest economic growth and prosperity, globally. Increasing urbanisation and rising disposable incomes have significantly expanded the upper and middle class segments of the population. With higher disposable incomes and increasing awareness on health related issues, patients are likely to increase their discretionary spend on healthcare, especially on preventive healthcare. Such a trend is likely to favour private healthcare delivery practitioners, which are already well positioned in secondary and tertiary care services.
- According to the Census of India, the literacy levels in the country have increased by 9.2% in the past decade to 74% in 2011. With the availability of information on the Internet, journals and other media avenues, there is a rapid increase in awareness on healthcare issues and diagnosis, which is expected to lead to a rise in patient volumes from primary to secondary or tertiary healthcare services.
- The Indian health insurance segment is one of the fastest growing segments in the general (non-life) insurance industry in India. Insurance is limited to only a small proportion of the population in the organised sector (less than 10%) and out of pocket healthcare financing still constitutes 80% of the total spend on healthcare in India. Health insurance penetration is expected to rise from 3.3% in 2008 to 8% by 2013, growing at a CAGR of over 20%. Given increasing awareness, higher disposable incomes and the government efforts in the form of health insurance schemes and tax benefits. The increasing penetration of health insurance is expected to strengthen the growth in the healthcare delivery market.
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM) estimates India's medical tourism market to grow at an annual rate of more than 30% in the next 3 years to reach approximately USD 2.1 billion by 2015. With world class quality accredited hospitals, affordable and advanced treatment options, immediate treatment facilities, availability of skilled / talented doctors and para-medical staff, high quality patient care and India's geographical proximity, the medical tourism market is set to provide a strong growth opportunity for the private healthcare companies in India. Furthermore, the Government of India (GOI) has also been encouraging medical tourism by offering tax breaks and export incentives to participating hospitals along with expedited clearance of medical visas.
- With economic prosperity, the country has also witnessed rising income levels and increasing purchasing power from the tier 2 and tier 3 cities. The populace in these cities has come to demand high quality and speciality healthcare services, the availability of which is significantly limited at present. These cities are also expected to drive the business growth and expansion of the private healthcare delivery market.

- Day care specialities are evolving as a differentiated business model amongst private healthcare players. Given rising income levels and increasing awareness about healthcare, more and more customers are opting to get day care surgeries/treatments at individual specialist care centres run and operated by the organised healthcare players in the market. The model not only has advantages to patients in terms of lesser time spent at hospitals and lower costs, but is useful for the private hospital players to decongest their hospitals and utilise the beds for critical and tertiary care treatments. Day care specialities have begun in the fields of orthopaedics, urology, ophthalmology, diabetes and renal, among others.
- The government is pushing forward a number of initiatives to promote private healthcare in the country by providing various subsidies and incentives to motivate players to invest in the healthcare market. These include tax benefits, lower import tariffs for life saving and medical equipment, accounting benefits in the form of higher depreciation and subsidised land. The government has also identified certain healthcare schemes such as the National Rural Health Mission (NHRM) and schemes like the Rashtriya Swasthya Bima Yojna (RSBY) to facilitate healthcare growth.

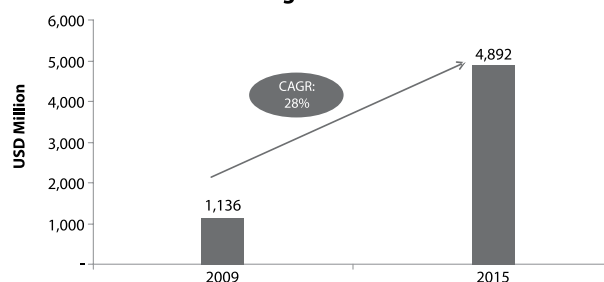
The Indian Diagnostics Industry

The diagnostic services sector is expected to grow to approximately USD 5.0 billion by 2015 at a CAGR of 28%. Its pathology and imaging/radiology segments are expected to grow to approximately USD 3.5 billion at a CAGR of 28% and USD 1.5 billion at a CAGR of 27%, respectively. The industry constitutes approximately 3%-4% of the overall healthcare delivery market and is largely an unregulated industry. It is estimated that diagnostic test results impact more than 70% of medical decisions and hence form an essential element in the delivery of effective healthcare services. Medical lab (pathology) constitutes almost two thirds of the diagnostics market, whereas radiology and imaging largely account for the rest. More than 90% of the diagnostics market in the country is serviced by unorganised players with the balance comprising a limited number of corporate diagnostic chains. Out of an estimated 60,000 laboratories in the country,

less than 0.5% are accredited signifying the lack of regulations in the sector. The corporate diagnostic chains usually operate under the hub-and-spoke model with reference laboratories in one or more key cities, a defined catchment area of surrounding towns and localities and collection centres or pick up points from healthcare centres such as hospitals or nursing homes. Under this model, franchisees also supplement underserved or highly profitable but localised areas. This model allows a corporate chain to leverage its brand recognition across larger areas covering major cities and towns.

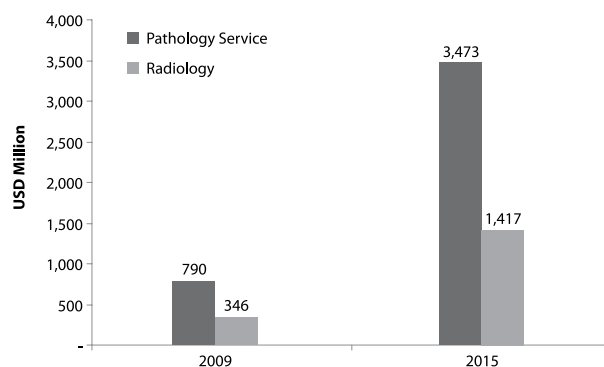
Projected Growth in Diagnostic Services Market

Diagnostics Services



Source: Indian Diagnostic Services Market Report by IMaCS, 1 USD ~ ₹ 52 INR

Projected Growth in Pathology and Radiology Market



Source: Indian Diagnostic Services Market Report by IMaCS, 1 USD ~ ₹ 52 INR

While the growth projections in the diagnostic services sector take into account growth in derived demand from expanding insurance market in the hospital care segment, the actual growth could jump up significantly if, in the future, insurance cover directly includes diagnostics services referred by physicians.

Although the corporate presence in this segment is marginal at present, examples from more developed countries indicate that the natural path for progression

from the unorganised to the organised sector is related to the following factors:

- Income growth, ageing population and migration from rural to urban areas
- Demand for greater standardisation and accuracy of results
- Emphasis on accreditations and increasing regulation and legislation
- Growth of institutional healthcare (hospital establishments)
- Competition and consolidation
- Increasing reach of health insurance
- General demand growth for better quality of diagnosis and healthcare services

Evidence from more developed diagnostics markets also indicate that even though greater corporatisation may be a natural progression, factors such as ease of access, integrated service (visiting practitioners, pathology, radiology, pharmacy, etc.), referrals from private practitioners or hospitals and economies of scale play an important role in revenue generation and profitability. The Indian diagnostic services market is gradually evolving from a highly fragmented market with small and localised players to more corporate service providers with national and international accreditations for delivery standards and processes.

Australia, New Zealand and Canada

The dentistry industry in Australia is estimated to have total revenues of in excess of approximately USD 5.8 billion with growth in real terms of 3.8%. The dental market is quite fragmented with practices owned and operated by individual dentists or a small group of dentists. In 2010, there were around 12,200 practising dentists in Australia (approximately 55 per 100,000 population) and 7,900 dental establishments. A majority of these dentists are in private practice and most practitioners operate in private practices comprising less than 6 dentists.

The New Zealand market has a total revenue of approximately USD 650 million and it is estimated to be growing at a similar rate as Australia.

In Canada, the industry is estimated to have total revenues in excess of approximately USD 13.4 billion and a 6% annual growth rate over the last 10 years, with approximately 95% of the spend in the

private sector. The dentistry market in Canada, like Australia, is highly fragmented with more than 92% of the dentists in private practice.

Cultural norms and expectations are shifting the demand pattern for preventative, and restorative dental treatment, driving real growth in dental spending over the medium to long term. The demand for dental services is influenced, amongst other things, by:

- The degree of recognition of problems associated with the misalignment of teeth and jaws, increasing the demand for orthodontic work
- The increased rate of retention of natural teeth in the population and the expectation that people will retain their natural teeth, promoting demand for orthodontic, preventative, restorative and periodontal services. The percentage of the population without their own teeth decreased from 15.4% in 1979 to 5.2% in 2005 in Australia
- The expectation of the general community about dental health has increased and is driven by preventative programmes and public education campaigns. This, along with a decline in the loss of natural teeth within the adult community, has been associated with a rise in the frequency of visits to a dentist.

Over the last 10 years, it has been generally recognised that there is a shortage of dentists in Australia, although recent expansion of dental courses at Australian universities is expected to improve the situation. Dentistry in Australia is regulated at a state level by the various state government dental acts and regulations. Dentists are registered by dental registration boards, which are statutory bodies responsible to the relevant government ministry in each state. The representative body for dentists, with a branch in each state, is the Australian Dental Association (ADA). The practice of dentistry remains quite regulated and only registered dentists can practise.

There is no formally regulated fee structure in Australia with pricing of dental services being set at the practice level with reference to local market dynamics. The ADA provides pricing guidelines on a state by state basis. Dental services are not generally covered by Medicare although a rebate can be provided by a personal tax refund for out of

pocket costs above USD 1,500 in any financial year. In Australia, private health funds offer dental insurance plans through their policies. The insurance works as a rebate against costs incurred usually with a limit per year per procedure. Despite Health Insurance Funds contributing towards dental service fees, the majority (67%) of the costs are paid for by individuals. Private health insurance funds only contribute around 14% of the total.

Hong Kong

Hong Kong's healthcare expenditure is projected to reach USD 19.8 billion by 2015 from USD 13.9 billion in 2010, an average annual growth rate of 6.2%. The healthcare delivery model, comprising mainly of primary, speciality and hospital care, is characterised by both private and public sector participation, with the industry being fairly regulated. Coupled with an increasing disposable income, an ageing population, age related ailments, growing incidence of lifestyle related diseases, rising private insurance and a higher private spend on healthcare, the industry presents an attractive growth opportunity, in both hospital services and primary and speciality care networks. Private healthcare expenditure as a percentage of total healthcare spending is slated to increase from 54% in 2010 to approximately 60% in 2015.

By 2015, 30% of Hong Kong's population will be above 55 years of age and 15% will be above 65 years of age. The burden on the public healthcare system has prompted the government to undertake a host of healthcare reforms, with the healthcare industry being identified as one of the six industries the government is seeking to develop into a stronger pillar of the economy. One of the biggest initiatives by the government is its goal to enhance public private partnerships through various means aimed at development of more healthcare infrastructure and wider electronic healthcare record systems. The government is opening capacity in the private sector to assist in creating more healthcare infrastructure, primarily private hospitals. Hong Kong has 12 registered private hospitals, which accounted for 11% of the total hospital beds (2010), and this is set to increase with the government setting aside 4 sites for new hospital development.

Private inpatient growth is projected to increase at a CAGR of 10.7% from 2010 to 2015, while public

inpatient growth is expected to witness a CAGR of 5.5% during the same period, outlining the importance and opportunity for private healthcare players. Furthermore, the government's push to strengthen primary healthcare services through public private partnerships and the rise in the percentage of private insurance will increase the demand for primary care, thus benefitting existing primary care service providers and also providing them an opportunity to steer patients in need of further downstream care to speciality care and private hospitals.

Singapore

Singapore is considered a benchmark of healthcare delivery in Asia with an overall healthcare expenditure in excess of USD 8.0 billion (4% of GDP). The industry comprises both public and private healthcare systems, wherein the key components of healthcare, i.e. primary care services, are being undertaken largely by the private practitioners (approximately 2,000), and hospital services are dominated by the public system.

A significant proportion of healthcare expenditure in Singapore is out of pocket and accounts for approximately 55% of the total healthcare spend (2010). The healthcare financing system for Singaporeans is ably supported by both government funding, via co-pays, subsidies, medical schemes and the private insurance market, which has gained momentum post liberalisation of the medical insurance sector for private players.

The key drivers of growth include the ageing population, leading to a demand for more geriatric services; rising disposable incomes, resulting in higher private expenditure; provision for consumer preference in choosing a healthcare provider based on value and quality; an influx of non-residents that rely solely on private insurance; a medical tourism industry that is experiencing strong growth; and the existing high burden on the public healthcare system. This environment provides an attractive opportunity for private healthcare service providers to initiate or expand their presence in the marketplace.

The Ministry of Health is beginning to look at how it could engage the private sector further and has initiated programmes such as the Community Health Assist Scheme (CHAS), which provides subsidised treatment at private general practitioners (GP) for

the needy elderly and the disabled. The Singapore Tourism Board is also promoting Singapore as a regional centre of medical excellence to strengthen its image as a world class healthcare destination.

Vietnam

Vietnam is an emerging economy with a low per capita expenditure on healthcare and, with an estimated 89 million people, is amongst the most populated country in the ASEAN region. The total spend on healthcare in 2010 was approximately USD 7.7 billion or 7.6% of GDP.

The healthcare delivery model in Vietnam is largely dominated by the public sector providing both curative and preventive treatments. The vast majority of hospitals in Vietnam are generally overburdened and offer basic treatment. Out-of-pocket expenditure accounts for approximately 50%-55% of the total healthcare expenditure. The local healthcare infrastructure is of poor standards. It is marked by inadequate equipment, relatively low standards of medical technologies and a lack of advanced healthcare delivery options.

To keep up with the healthcare demands of the populace and to provide better access to quality affordable healthcare, the government has put in place a number of initiatives to bolster the healthcare industry and increase national insurance coverage, which currently covers 45% of the population. With an aim to improve access to health services, the government is encouraging investments by private players under the public private partnership model and has granted special tax benefits / exemptions and also adopted preferential policies on land and investment for developing healthcare infrastructure.

Given that nominal GDP growth is expected to increase at a CAGR of 11% from 2010 to 2015 and total healthcare expenditure expected to increase at a CAGR of 13.8%, a growing middle class, with higher disposable incomes, will demand better quality and advanced healthcare facilities and services. These would provide attractive opportunities for private players to expand and grow in the healthcare space in the country.

Outlook

The healthcare market in the Asia Pacific region has become the global hub for emerging private hospital

services driven by a growing ageing population, increasing medical tourism and the shift in the disease profile towards chronic ailments. Patients with better access to information, higher literacy levels and rising per capita income will demand the latest treatment options with quality patient care and services. Most emerging countries in the region, inadequate in terms of the healthcare infrastructure for their citizens, are witnessing a discernible change in their respective government towards recognising the need for encouraging private investments in the sector and inducting public private partnership models. With technological advancements and seamless geographic boundaries, the demand for end-to-end integrated healthcare services is expected to increase in the future and companies that have a presence across multiple verticals and geographies will be well positioned to capitalise on the growth opportunity in the region.

Risks and Challenges

Shortage of Healthcare Professionals: Human capital development is crucial for delivery of health services. There is a shortage of healthcare professionals to meet the demands of the rising population. This challenge is more prominent among the emerging countries where there is a huge gap in healthcare supply and demand, primarily as a result of talent gap, ineffective training policies, weak institutions, lack of government support and lack of incentives for health professionals. For example, the number of doctors per 1,000 people in Indonesia, Vietnam and Thailand is less than 1, as compared to developed nations such as South Korea, Taiwan and Singapore, which have between 1.5 and 2 doctors per 1,000 people.

India had a ratio of 0.5 doctors and 1.3 nurses per 1,000 population, as compared to the global average of 1.4 doctors and nearly 2.8 nurses per 1,000 population. This translates into a gap of nearly 1.0 million doctors and 1.8 million nurses as of 2010. The gap in terms of number of beds stands at nearly 3.7 million, given India's ratio of 0.8 beds per 1,000 population, against the WHO recommendation of 4.0 beds per 1,000 population.

Governments in many emerging economies such as India need to address this huge shortage in infrastructure and manpower by adopting public

private partnership models. Given the longer gestation periods for healthcare projects and the capital intensive nature of the industry, governments would need to provide additional benefits and incentives for encouraging more investments by private players. In addition, the largely unorganised and fragmented nature of this sector calls for the need of aligning quality and standardisation of medical procedures and healthcare services across a common platform. Lack of an adequate number of medical colleges and institutions also calls for massive investments in educational infrastructure to meet the growing demand for doctors and other healthcare professionals in the region.

Broadening Spectrum of Services and Specialities:

The shift of disease patterns and demographics changes the type of healthcare services offered. The spectrum of services has broadened to preventive, diagnosis, intervention, recovery, rehabilitation and patient management, while hospital services are moving from acute to chronic to preventive and specialised care. Furthermore, with the increasing burden of non-communicable diseases, which are caused by environmental degradation, lifestyle changes (especially in the middle-high income groups) and the rapid ageing population, healthcare budgets will continue to be under pressure due to the requirement of sophisticated and capital intensive treatment.

Innovative Delivery Models: With increasing healthcare costs and competition, consumers demand better quality and transparency in pricing. Healthcare service providers, especially private healthcare companies, will therefore need to find innovative delivery models that allow them to focus on providing core medical services, emphasising clinical quality and safety, service quality, timely access, treatment options and affordability.

Research & Access of Population Health Data:

Access to health data is limited in emerging countries. This health data is important for healthcare service providers to understand the risk and behaviour of consumers in order to identify gaps in services. Many of the countries in Asia Pacific lack the availability of systematic and scientific health data to comprehensively understand treatment costs and disease burdens. This warrants a public private

collaboration to strengthen research into and access to population health data.

THE COMPANY

Fortis Healthcare is a leading integrated healthcare delivery provider in the pan Asia Pacific region. Founded by the iconic Indian business leader, the Late Dr. Parvinder Singh, architect of Ranbaxy Laboratories, Fortis is a manifestation of his vision “to create a world-class integrated healthcare delivery system in India, entailing medical skills combined with compassionate patient care”. The company is the fastest-growing healthcare network across the Asia Pacific and has the largest hospital network in India, with the highest number of quality accredited hospitals. Fortis aspires to become a global leader in the integrated healthcare delivery space and is driven by the larger purpose of saving and enriching lives through clinical excellence.

Fortis commissioned its first hospital in 2001 in North India and, in just 10 years, has grown to become a multi-geography, multi-vertical, integrated healthcare provider in 10 countries. Currently, the company operates its healthcare delivery network in Australia, Canada, Dubai, Hong Kong, India, Mauritius, New Zealand, Singapore, Sri Lanka and Vietnam, with 75 hospitals, a capacity of over 12,000 beds, over 600 primary care centres, 191 day care speciality centres, more than 210 diagnostic centres and a talent pool of over 23,000 people.

Fortis Healthcare has grown rapidly through acquisitions, greenfields, brownfields and management contracts. Fortis India consummated the biggest deal in the Indian Healthcare Sector with the acquisition of five hospitals from Escorts Heart Institute & Research Ltd in 2005. This was followed by another strategic large acquisition in 2009: the acquisition of the Wockhardt chain of 10 hospitals (including two facilities under construction), giving Fortis a presence across India and an employee strength of over 10,000.

Fortis made its first international foray in January 2009 and, along with a local partner, acquired a majority stake in a leading private hospital in Mauritius. Fortis further consolidated its India presence by ascending the healthcare value chain with the acquisition of Super Religare Laboratories (SRL) in May 2011. SRL

being a leader in the organised diagnostic market in India is a complimentary fit to Fortis's hospital business. In September 2011, the company announced the acquisition of Fortis Healthcare International Pte Limited. This acquisition gave Fortis Healthcare a dominant position in the rapidly evolving healthcare delivery marketplace in Asia Pacific. The combined entity becomes one of the largest and the fastest-growing integrated healthcare delivery networks in the Asia Pacific healthcare arena, evolving as a front runner in healthcare delivery.

Expansion during the year

Super Religare Laboratories: In May 2011, the company acquired approximately 86% stake in Super Religare Laboratories Ltd (SRL) one of India's largest and leading diagnostic services companies, offering diagnostic testing (including Pathology and Radiology), preventive care testing and clinical research trial testing. At the time of acquisition, SRL had 8 reference laboratories, 7 Centres of Excellence, 181 Network Laboratories (164 pathology labs and 17 radiology labs), 15 Wellness Centres and 888 Collection Centres. Fortis' stake in SRL, from the time of its acquisition, is expected to eventually reduce to approximately 56%, as a result of infusion of capital in the company by various private equity players. The recent transaction in June 2012 with two prominent private equity players infused ₹ 370 Crore of capital in the form of Compulsory Convertible Preference Shares (CCPS).

Acquisition of Fortis Healthcare International Pte Limited (FHIPL): During the fiscal, the company consummated its acquisition of 100% of Fortis Healthcare International Pte Limited, a Singapore based leading integrated healthcare delivery company with a presence in 9 countries. This acquisition has fortified Fortis presence as a premier healthcare organisation in the Asia Pacific region and has diversified its reach across a number of strong growth markets and verticals in the region. FHIPL has a multi-vertical presence in diagnostics, primary healthcare, day care speciality and hospitals; and its global assets include:

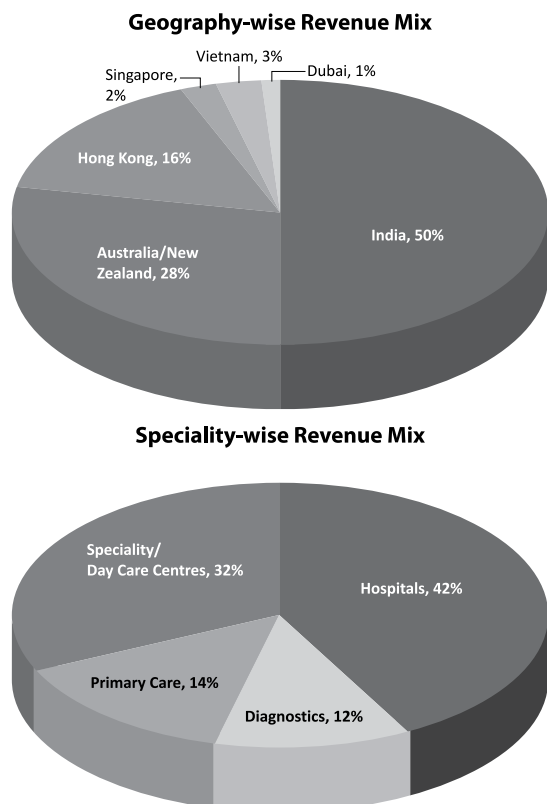
- **Quality Healthcare Ltd, Hong Kong:** The largest primary care network in Hong Kong with more than 600 centres, wholly owned by Fortis.
- **Fortis Hoan My, Vietnam:** One of Vietnam's largest private healthcare provider groups with approximately 800 beds across 5 hospitals and 4 clinics; 65% owned by Fortis.
- **Fortis Colorectal Hospital, Singapore:** A greenfield speciality hospital in Singapore which will be South East Asia's first hospital dedicated to colorectal disorders, wholly owned by Fortis.
- **SRL, Dubai:** The largest private pathology diagnostics laboratory in the UAE. The business comprises SRL International FZ LLC. and MENA Healthcare, with Fortis owning 100% and 82.5% stake respectively.
- **Lanka Hospitals, Sri Lanka:** Sri Lanka's largest super speciality hospital with 350 beds in which Fortis owns approximately 28.6% stake.

To further strengthen its presence in the Singapore healthcare market and expand its vertical presence into the diagnostics segment, the Company during the year acquired an 85% stake in RadLink Asia Pte Limited, Singapore. This is the largest private outpatient diagnostic and molecular imaging chain in Singapore, with a presence in diagnostic imaging, molecular imaging, cyclotron (radio-isotopes manufacturing) and GP clinics.

With all of the aforementioned, the company acquires a wider footprint across the region with an optimum mix of developed and emerging markets. It positions the Company as a prominent integrated healthcare service provider with expanded offerings in the region; with a potential for unlocking value by leveraging clinical competencies and combined scale across verticals and businesses. It provides the Company with an opportunity to create a common technology foundation for the future across various functions and to establish a global supply chain and shared services platform. Importantly, it enables the Company to leverage its enhanced talent pool of clinical and management professionals, allowing it to enhance the value proposition it offers to its patients.

- **Dental Corporation, Australia & New Zealand:** The largest dental care network in Australia and New Zealand with over 175 practices. Fortis owns approximately 60% in Dental Corporation.

Fortis's Diversified Geographic and Vertical Presence



(Based on Proforma financials for FY 12)

Key Upcoming Projects

Fortis Memorial Research Institute, Gurgaon, Haryana: The Company's flagship hospital in Gurgaon is expected to be formally inaugurated in Q2 FY13. The hospital has been equipped with modern infrastructure, state-of-the-art technology and has Centres of Excellence in Oncology, Trauma, Pediatrics, Mother & Child care, Gastroenterology, Neuro-sciences and Renal care. The hospital is designed to offer the best medical care with international protocols and will also focus on medical value travel. This is a premium multi super-speciality hospital, spread over 11 acres of land with a bed capacity of 450 in phase I and an overall capacity of approximately 1,000 beds.

Fortis Colorectal Hospital Singapore (FCH) aims to create a new model of private healthcare in the form of a specialist surgical hospital focusing on colorectal diseases. By virtue of this model, FCH is at the leading edge of colorectal surgery, deploying the

most advanced medical technologies and partnering with the most outstanding colorectal surgeons. This will be Fortis Healthcare's first colorectal hospital and also South East Asia's first and only colorectal hospital. The hospital was formally inaugurated on 31 July 2012.

Fortis Hospital, Kangra, Himachal Pradesh: Fortis Hospital, Kangra commenced operations during the first week of July 2012 and is the first corporate, multi-speciality hospital in Himachal Pradesh. The hospital has advanced clinical programmes and provides super-specialised care in Urology, Cardiology, Renal sciences, Orthopaedics, Endocrinology and Pulmonology. The state-of-the-art hospital has a critical care unit, an obstetrics and maternity programme, complete with a Neonatal ICU (NICU). It also offers 24-hour emergency services, diagnostic services, physiotherapy, dental care and preventive health checks.

Fortis Hospital, Arcot Road, Chennai: The Arcot Road project is designed for a 200 bed tertiary care multi-speciality hospital. The civil and interiors work is progressing in full swing and is on-track. The hospital is expected to be launched during the last quarter of this fiscal year.

Fortis Hospital, Ludhiana, Punjab: The construction work at the 214 bed super speciality hospital in Ludhiana is on in full earnest. The hospital will focus on Neuro-sciences, Renal care, Gastroenterology, Cardiology, Mother & Child care, and Oncology. The hospital is expected to be completed by the end of FY13.

Other Projects: Several similar projects are being undertaken by the Company and these would significantly increase the existing bed capacity over the next 3-5 years. These projects, primarily under an "asset light" model, are spread across metros and tier I cities, enabling the company to further deepen its footprint in the country.

Financial and Operational Highlights

For FY12, the Company reported its audited consolidated total income of ₹ 3,168 Crore (a growth of 63%), which include revenue of ₹ 642 Crore from the international operations and ₹ 433 Crore from the diagnostics business. Earnings before Interest, Depreciation, Tax and Amortisation was reported at ₹ 587 Crore, against ₹ 506 Crore (a growth of 16%)

in the previous year. The net profit for the company stood at of ₹ 72 Crore for the year under review.

On the operational front, the company reported an annual revenue of ₹ 2,984 Crore, a growth of 100%. The India business comprising the Hospital and the Diagnostic business contributed ₹ 2,342 Crore, a growth of 57% over the corresponding year. For the year under review, the hospital business in India grew by 28% to ₹ 1,909 Crore, compared to ₹ 1,496 Crore in FY11.

The International business, which was consolidated for three months period ended 31 March 2012, reported a revenue of ₹ 642 Crore and contributed approximately 50% to the consolidated revenues for the same period. The major contributors were Dental Corporation, Australia and Quality Healthcare, Hong Kong, which reported revenues of ₹ 359 Crore and ₹ 212 Crore, respectively, for the period under consolidation.

For the year 2012, the Operating EBITDA of the company stood at ₹ 403 Crore, a growth of 100% (excluding the Parkway transaction impact). Consolidating the acquisition of the International business and the diagnostics business in India, the operating EBITDA margin of the Company stood at 13.5%. For the India Hospital business, the operating EBITDA stood at ₹ 280 Crore, a growth of 39% and representing a 14.6% margin compared to an operating EBITDA of ₹ 202 Crore and margin of 13.5% in FY11. The net profit for the company stood at ₹ 72 Crore for the year.

As the company continues to add new hospitals and new medical programmes in India, it is maintaining its focus on medical quality in terms of improving and standardising the quality of nursing and also equipping its hospitals with high-end technology. During the year, the company launched an e-ICU project with FEHI, e-connecting ICUs of Raipur, Dehradun and Amritsar, an MRI (with Cardiac capabilities) and Gamma Camera (for radioactive Cardiac Studies) were installed in FEHI, a Da Vinci Robot was also installed in FEHI (for minimal invasive surgeries). The company, started a Liver Transplant programme in Noida, installed New Cath Labs in hospitals at Mohali, Mulund and Raipur, installed a urology laser in Amritsar, an Endoscopic Bronchial Ultrasound at Bannerghatta Road, Bengaluru and

Endoscopic Ultrasound at Cunningham Road, Bengaluru and Anandpur, Kolkata.

The hospitals across the network in India performed approximately 58,000 Cardiac procedures, over 5,900 Neurological procedures and over 13,000 Orthopaedic procedures. While cardiac procedure volumes grew 11%, orthopaedic and neurological procedure volumes each registered a growth in excess of 20%.

Focus on quality remains an ongoing feature at all the Fortis hospitals and it is typical for most hospitals to make focused attempts towards achieving accreditation, commensurate with their relative positioning in the region, locally, country-wide and internationally. During the year under review, Fortis Mulund successfully received its accreditation by the Joint Commission International (JCI) for the third time while Fortis Escorts Heart Institute, Delhi, Fortis Escorts, Jaipur, Fortis Hospital, Mohali received re-accreditations from National Accreditation Board for Hospitals (NABH). Furthermore, Fortis Malar hospital received NABH accreditation for its Blood Bank - the first hospital blood bank to do so in the states of Tamil Nadu, Kerala and Andhra Pradesh. The blood bank at Fortis Mulund was also re-accredited by the NABH. The diagnostic laboratory at the Jaipur hospital received the prestigious National Accreditation Board for Laboratories (NABL) accreditation. The Fortis network currently has 4 JCI accredited hospitals, 12 NABH accredited hospitals, 7 NABH accredited blood banks and 5 NABL accredited laboratories.

The company's Diagnostics Business (SRL) in India expanded its operations to reach over 1,100 collection centres and set-up three new network laboratories in the cities of Delhi, Bangalore and Kolkata during the year. The company also strengthened its doctors coverage from 45,000 doctors in FY11 to 73,000 doctors in FY12.

The largest business of the Company internationally, Dental Corporation (DC) is the market leader in Australia and New Zealand with over 175 dental practices comprising over 600 chairs. During FY12, DC acquired 25 practice locations and launched 4 new greenfield practices, in partnership with the existing dentists, and undertook 8 expansion projects at existing facilities. Dental Corporation also entered the dental market in Canada during the year.

Quality Healthcare (QH), the Company's primary care business in Hong Kong, retained its market leader position with approximately 8% market share. The company also expanded its presence in the diagnostics space by launching its first Diagnostic and Imaging Centre, providing a full range of services and further enhanced its diagnostics presence by acquiring 70% interest in Central Medical Diagnostic Center Limited (CMDC), a leading diagnostic and imaging group in Hong Kong. During the year, the company sharpened its focus on high-end speciality work by adding 12 specialists viz. Neurology, Orthopaedic, Endocrine, Urology, Dermatology, etc. and launched a new Orthopaedic Medical Centre in the commercial area to attract high-end patients.

Internal Control Systems

The Board acknowledges its overall responsibility for ensuring that the Company has satisfactory systems of internal control. Internal Control Systems and procedures are in place to identify, control and report on major risks, including strategic, people, operational, financial, technological and regulatory risks. The Board monitors exposure to these risks with the assistance of various committees and the senior management.

The fundamental objective of the Company's internal control systems is to manage and mitigate the risks facing the Company. The Company believes that its internal control systems and procedures are commensurate with its size, have been designed to safeguard corporate assets, maintain proper accounting records and provides, among other things, a reasonable assurance that transactions are executed with Management authorisation. The system comprises a well-established organisational structure and framework for policies and standards. Under the current framework, each geography or functional unit is primarily responsible for implementing effective controls within its area of operation.

The internal control systems are supported by a review and continuous improvement cycle run under the mandate of an extensive internal audit programme, periodical management reviews and a tight budgetary control mechanism. The Internal Audit Department provides an independent review on the adequacy and effectiveness of the internal control

system and helps identify and prioritise opportunities for improvement.

The annual audit plan, prepared on a risk assessment methodology, is discussed and approved by the Audit, Risk and Controls Committee. In addition to its agreed annual schedule of work, the Department conducts other special reviews as required. The Head of Internal Audit reports to the Executive Director on an administrative basis but has direct access to the Audit, Risk and Controls Committee and its Chairman, ensuring that independence is preserved.

The Internal Audit Department leverages external expertise (in the form of outsourcing audit field and testing work to professional audit firms and building access to subject matter expertise) and in this regard holds accountability for setting out the scope and terms of the relationship, and managing execution and output of such field work towards rendering its opinion. The findings of the Internal Audit functions are shared within management and action plans are monitored towards resolution under the supervision and guidance of the Audit Risk and Controls Committee.

Human Resources

Our People Agenda

At Fortis Healthcare, people remain the most important asset in enabling the Company to achieve its strategic goals. Fortis continues to attract, develop and engage with talent and endeavours to provide a value centric culture to enable the delivery of performance.

As the business continues to expand, the need to continuously have the right people at the right place to maintain high standards and drive growth through innovative business models and integrated healthcare delivery systems becomes all the more important. The HR function aims to create a stimulating environment that demands performance and nurtures creativity, recognises achievements individually and collectively.

Values & Culture Integration

With different businesses in different verticals and different geographies at different stages of development, we had globally defined what binds us together.

The collective leadership team co-created a shared Purpose, Vision and set of Global Values. What brings meaning to our existence is Our Purpose – ‘Saving and Enriching Lives’ while our aspiration is encapsulated by Our Vision: ‘To be the global leader in the Integrated Healthcare space’. And what acts as our compass and guiding light is our set of Global Values – Patient Centricity, Integrity, Teamwork, Ownership, and Innovation. Our Global Values are at the core of everything we do, guiding our actions and decisions.

The Global Values were launched successfully via a ‘Live’ Webcast for the first time across all the Company’s businesses and geographies on 16 February 2012 from New Delhi. This was followed by the respective local office ‘celebration’ to engage and socialise the ‘Values’ with all employees. In addition, numerous initiatives for next year to reinforce a Values-driven organisation and co-create our desired Fortis’ ‘Ways of Working’, which we consider as our key integrator and differentiator were put in place.

Integration within the India Business

In an effort to integrate and build a single operating entity for the India operations, a unified organisation structure for the Corporate Functions and Operations was created and rolled out in the month of December.

Integrated organisation structures were created and proliferated for Human Resources, Information Technology, Sales & Marketing, Finance, Internal Audit, Supply Chain Management and other functions. We also took a giant leap in our efforts towards integration by creating a unified grade structure which will be proliferated across the country shortly. Also, for the very first time, a common performance appraisal cycle was run with all network hospitals.

To maintain our growth and sustainability, succession plans for the senior leadership team and identification of critical positions and key competencies required for the successor pools were initiated. Given the competition for talent in healthcare in Asia, we strive to grow our internal pipeline through targeted talent acquisition and talent management processes.

FORWARD LOOKING STATEMENT

Except for the historical information contained herein, statements in this discussion which contain words or phrases such as ‘will’, ‘would’, ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute ‘forward-looking statements’. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company’s financial statements included herein and the notes thereto.

References

1. Frost & Sullivan report on the Healthcare Delivery Market.
2. International Monetary Fund (IMF), United Nations (UN), World Health Organisation (WHO).
3. Indian Diagnostic Services Market Report by IMaCS (ICRA Management Consulting Service Limited).
4. IBIS World Industry Report 08623: Dental Services in Australia.
5. Australian Research Centre for Population Oral Health (“ARCPHOH”) (Teusner DN), Australian dentist labour force 2003, Australian Dental Journal 2006;51(2):191-194.
6. New Zealand Ministry of Health, Health Expenditure Trends in New Zealand 1996–2006.
7. Canadian Dental Association.
8. Australian Institute of Health & Welfare,
9. Australian Bureau of Statistics.
10. Market Research Reports , web articles, press clippings, others.

Auditors' Report

To

The Members of Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited)

1. We have audited the attached Balance Sheet of Fortis Healthcare Limited (formerly Fortis Healthcare (India) Limited) ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to the note no 20 of financial statements regarding non-provision of proportionate premium on redemption of US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 603.13lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium

will be offset against the securities premium account and accordingly, no adjustments have been considered in the accounts and more fully described in note 20 of the accompanying financial statements.

5. Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii. The balance sheet, statement of profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, statement of profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31,

2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.

Firm registration number: 301003E
Chartered Accountants

per Pankaj Chadha

Partner

Membership No.: 91813

Place: Gurgaon

Date: May 28, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: Fortis Healthcare Limited (formerly Fortis Healthcare (India)Limited) ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a policy of verifying the fixed assets once in two years. Fixed assets were physically verified by the management during the previous year. The frequency of physical verification, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

- (iv) As per the information and explanations given to us, certain items of inventory and fixed assets, due to their unique, specialized or proprietary nature, are purchased without inviting comparative quotations. Read with the above, in our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products / services of the Company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to excise duty are not applicable to the Company.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to excise duty are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, custom duty and cess which have not been deposited on account of any dispute. The provisions relating to excise duty are not applicable to the Company.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to information and explanations given to us and based on records, the Company has issued 3,000 debentures of ₹ 1,000,000 each in March 2012. The Company has created charge in respect of debentures issued, subsequent to the year-end.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Co.

Firm registration number: 301003E

Chartered Accountants

per Pankaj Chadha

Partner

Membership No.: 91813

Place: Gurgaon

Date: May 28, 2012

STANDALONE BALANCE SHEET AS AT MARCH 31, 2012

	Notes	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4 (i)	40,950.61	40,942.99
Reserves and surplus	4 (ii)	279,663.33	260,972.64
		320,613.94	301,915.63
Share application money pending allotment (refer note 22)		-	9.21
		-	9.21
Non-current liabilities			
Long-term borrowings	4 (iii)	67,978.23	44,587.20
Other long term liabilities	4 (iv)	7,000.37	3,195.01
Long term provisions	4 (v)	466.12	331.53
		75,444.72	48,113.74
Current liabilities			
Short-term borrowings	4 (vi)	42,266.05	-
Trade payables	4 (vii)	5,693.32	2,807.95
Other current liabilities	4 (viii)	5,519.87	4,182.35
Short-term provisions	4 (ix)	410.79	354.16
		53,890.03	7,344.46
TOTAL		449,948.69	357,383.04
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	4 (x)	8,321.72	7,262.77
Intangible assets	4 (x)	130.32	94.16
Capital work in progress (refer note 28)		5,142.19	513.19
Non-current investments	4 (xi)	231,008.17	148,966.83
Foreign currency monetary item translation difference account (refer note 29)		153.77	-
Long term loans and advances	4 (xii)	49,915.47	40,008.90
Other non-current assets	4 (xiii)	1,763.70	1,986.89
		296,435.34	198,832.74
Current assets			
Current investments	4 (xiv)	-	4,115.07
Inventories	4 (xv)	425.29	323.04
Trade receivables	4 (xvi)	6,303.02	5,412.06
Cash and bank balances	4 (xvii)	1,519.43	3,806.48
Short term loans and advances	4 (xviii)	139,936.36	134,919.92
Other current assets	4 (xix)	5,329.25	9,973.73
		153,513.35	158,550.30
TOTAL		449,948.69	357,383.04
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No.: 91813

Place : Gurgaon
 Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Rahul Ranjan
 Company Secretary

Place : Gurgaon
 Date : May 28, 2012

Shivinder Mohan Singh
 Executive Vice Chairman

Sandeep Puri
 Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	March 31, 2012	March 31, 2011
		₹ in lacs	₹ in lacs
INCOME			
Revenue from operations	4 (xx)	28,108.97	26,544.94
Other income	4 (xxi)	12,704.51	17,553.98
Exceptional item (refer note 16)		18,462.37	-
Total revenue		59,275.85	44,098.92
EXPENDITURE			
Purchase of medical consumables and drugs (includes prior period items of ₹ 29 lacs (previous year ₹ 0.18 lacs))		7,952.36	7,106.66
Increase in inventories of medical consumables and drugs	4 (xxii)	(95.56)	(14.32)
Employee benefits expense	4 (xxiii)	7,073.90	5,835.08
Other expenses	4 (xxiv)	12,701.77	10,585.93
Total expenses		27,632.47	23,513.35
Earnings before interest, tax, depreciation and amortization (EBITDA)		31,643.38	20,585.57
Finance costs	4 (xxv)	10,293.40	5,365.04
Profit before tax, depreciation and amortization		21,349.98	15,220.53
Depreciation and amortization expense	4 (xxvi)	1,211.44	1,039.52
Profit before tax		20,138.54	14,181.01
Tax expenses			
Current tax (including MAT payable)		4,030.45	1,837.32
Less: MAT credit entitlement		4,030.45	1,837.32
Total tax expense		-	-
Profit for the year		20,138.54	14,181.01
Earnings per share [Nominal value of shares ₹ 10/- each]	4 (xxvii)		
Basic		4.97	3.68
Diluted		4.97	3.68
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No.: 91813

Place : Gurgaon
 Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Rahul Ranjan
 Company Secretary

Place : Gurgaon
 Date : May 28, 2012

Shivinder Mohan Singh
 Executive Vice Chairman

Sandeep Puri
 Chief Financial Officer

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
A. Cash flow from operating activities		
Net profit before tax and exceptional item	1,676.17	14,181.01
Adjustments for :		
Depreciation and Amortisation	1,211.44	1,039.52
Loss on sale of fixed assets	26.09	45.62
Profit on sale of investments	(172.11)	(1,322.48)
Provision for doubtful debts	500.00	372.28
Bad debts and sundry balances written off	105.57	43.87
Loan arrangement fee written off	-	44.86
Unclaimed balances and excess provisions written back	(7.52)	(512.80)
Wealth tax	6.48	4.57
Interest income	(12,381.58)	(15,970.83)
Interest expenses	8,479.28	5,135.89
Operating profit before working capital changes	(556.18)	3,061.51
Movements in working capital :		
Increase in liabilities and provisions	3,269.90	291.15
Increase in trade receivables	(1,390.96)	(947.35)
Increase in inventories	(102.25)	(11.02)
Increase in loans and advances	(6,178.84)	(368.87)
(Increase)/decrease in other current assets	39.85	(82.45)
Cash generated from/ (used in) operations	(4,918.48)	1,942.97
Direct taxes paid	(3,830.48)	(1,948.07)
Net cash used in operating activities (A)	(8,748.96)	(5.10)
B. Cash flows from investing activities		
Purchase of fixed assets	(7,125.96)	(1,772.30)
Proceeds from sale of fixed assets	172.56	48.51
Fixed deposits with banks (net)	31.84	466.78
Loans to subsidiaries (net)	(6,540.60)	(35,099.25)
Deposits with bodies corporate and others (net)	1,960.05	148.56
Purchase of investments in subsidiary	(106,428.53)	(13,538.61)
Proceeds from sale of investments in mutual funds	4,287.18	1,322.48
Proceeds from sale of investments of subsidiaries	24,387.20	-
Interest received	17,002.95	4,799.91
Exceptional item (refer note 16)	18,462.37	-
Net cash used in investing activities (B)	(53,790.94)	(43,623.92)
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	47.42	134,214.42
Proceeds from receipt of share application money (net of refunds)	-	9.21
Proceeds from issuance of foreign currency convertible bonds	-	43,364.11
Redemption of non convertible debentures including premium	-	(29,534.97)
Proceeds from long-term borrowings	23,703.93	-
Repayment of long-term borrowings	(342.49)	(4,623.03)
Proceeds / (Repayments) of short-term borrowings (net)	42,266.05	(93,000.00)
Interest paid	(5,390.22)	(3,567.11)
Net cash from financing activities (C)	60,284.69	46,862.63
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(2,255.21)	3,233.61
Total cash and cash equivalents at the beginning of the year	3,648.40	414.79
Cash and cash equivalents at the end of the year	1,393.19	3,648.40
Components of cash and cash equivalents:		
Cash in hand	19.92	14.31
Cheques in hand	42.76	8.81
Balances with scheduled banks on current accounts	1,274.30	412.55
Balances with scheduled bank on deposit account	56.21	3,212.73
Total	1,393.19	3,648.40
Summary of significant accounting policies	3	

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
Membership No.: 91813

Place : Gurgaon
Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Executive Chairman

Rahul Ranjan
Company Secretary

Place : Gurgaon
Date : May 28, 2012

Shivinder Mohan Singh
Executive Vice Chairman

Sandeep Puri
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. Nature of Operations

Fortis Healthcare Limited (the 'Company' or 'FHL') (formerly known as Fortis Healthcare (India) Limited) was incorporated in the year 1996 and commenced its hospital operations in the year 2001 with the flagship of Multi-Specialty Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country. As part of its business activities, the Company holds interests in its subsidiaries, joint ventures and associate companies through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange and its Foreign Currency Convertible Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects in accordance with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained below.

3. Statement of Significant Accounting Policies

(a) Change in accounting policy

(i) Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(ii) The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 The Effects of Changes in Foreign Exchange Rates, to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items.

In accordance with the amendment/ earlier amendment to AS 11, the company has opted to amortise exchange differences relating to long term foreign currency monetary items (other than relating to acquisition of depreciable capital assets) over the balance period of such long term monetary items effective April 1, 2011, as required by paragraph 46A of said notification. Consequently, foreign exchange loss (net) of ₹153.77 lacs has been written back in current year as at March 31, 2012, to be amortised over the remaining term of the monetary items.

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**(c) Tangible fixed assets**

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(d) Depreciation

- i. Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

S. No.	Assets	Rates (SLM)
1.	Plant & machinery	10.34%
2.	Medical equipments	7.07%
3.	Furniture and fittings	6.33%
4.	Computers	16.21%
5.	Office equipments	4.75%
6.	Vehicles	9.50%

- ii. Depreciation on Leasehold improvements is provided over the primary period of lease of 10 years or over the useful lives of the respective fixed assets, whichever is shorter.
- iii. Individual assets not exceeding ₹ 5,000 are depreciated fully in the year of purchase.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3 years.

Software

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimates.

(f) Impairment of tangible and intangible assets

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.

- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(g) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss account on a straight-line basis over the lease term. Costs, including depreciation are recognised as expense in the Profit and Loss account.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of the acquisition of such investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such long term investments.

(i) Inventories

Inventory of Medical consumables and drugs, Stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Operating Income

Operating Income is recognised as and when the services are rendered / pharmacy items are sold. Management fee from hospitals and income from medical services is recognised as per the terms of the agreement with respective hospitals.

Income from Rehabilitation Centre and Sponsorships

Revenue is recognised as and when the services are rendered.

Income from Academic Services

Revenue is recognized on pro-rata basis over the duration of the program.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012*Equipment Lease Rentals and Income from Rent*

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees.

Export benefits

Export entitlements under the Served From India Scheme (SFIS) are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of free foreign exchange earned.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(k) Unamortised finance charges

Costs incurred in raising funds are amortised over the period for which the funds have been obtained, using time proportionate basis.

(l) Foreign Currency Transactions**i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

From accounting periods commencing on or after December 7, 2006, the Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

All other exchange differences are recognized as income or expenses in the period in which they arise.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(m) Employee benefits:

i) Contributions to Provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme for certain employees, the contributions for these employees are charged to the Profit and Loss account of the year when the contributions to the respective funds are due. For other employees, the provident fund is defined benefit scheme contribution of which is being deposited with "Fortis Healthcare Limited Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date.

ii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.

iii) Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iv) Actuarial gains/losses

Actuarial gains/losses are recognised in the Profit and Loss Account as they occur.

(n) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses and recognises unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

(p) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.

(q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(r) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(t) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(u) Measurement of EBITDA

As permitted by the guidance note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(v) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable the acquisition, construction or production of an asset that necessarily take substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTE 4(i): SHARE CAPITAL

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Authorised shares (Nos.):		
– 600,000,000 (Previous Year 600,000,000) Equity Shares of ₹ 10 each	60,000.00	60,000.00
– 200 (Previous Year 200) Class ‘A’ Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each	200.00	200.00
– 11,498,846 (Previous Year 11,498,846) Class ‘B’ Non-Cumulative Redeemable Preference Shares of ₹ 10 each	1,149.88	1,149.88
– 64,501,154 (Previous Year 64,501,154) Class ‘C’ Cumulative Redeemable Preference Shares of ₹ 10 each	6,450.12	6,450.12
	67,800.00	67,800.00
Issued shares (Nos.):		
– 405,179,715 (Previous Year 405,103,475) Equity Shares of ₹ 10 each fully paid up	40,517.97	40,510.35
– 1,600,000 (Previous Year 1,600,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each	160.00	160.00
– 3,196,000 (Previous Year 3,196,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	287.64	287.64
Total issued share capital	40,965.61	40,957.99
Subscribed and Paid up shares (Nos.):		
– 405,179,715 (Previous Year 405,103,475) Equity Shares of ₹ 10 each	40,517.97	40,510.35
– 1,450,000 (Previous Year 1,450,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each	145.00	145.00
– 3,196,000 (Previous Year 3,196,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	287.64	287.64
Total subscribed and fully paid-up share capital	40,950.61	40,942.99

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year****Equity Shares**

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	405,103,475	40,510.35	317,323,609	31,732.36
Issued during the year under ESOP	76,240	7.62	67,880	6.79
Issued during the year	-	-	87,711,986	8,771.20
Outstanding at the end of the year	405,179,715	40,517.97	405,103,475	40,510.35

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
Outstanding at the end of the year	1,450,000	145.00	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
Outstanding at the end of the year	3,196,000	287.64	3,196,000	287.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms of redemption of preference shares

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹10 each at a premium of ₹ 90 per share (3,196,000 zero percent cumulative redeemable preference shares pending redemption). These shares are redeemable at ₹ 175, including premium on October 18 of 2008, 2009, 2010, 2011 and 2012 in instalment of ₹ 1,437.50 lacs each and ₹ 12,937.50 lacs on October 18, 2013. However, the date of redemption in 2009, 2010 and 2011 has been postponed to 2012 and due to this, the Company has agreed to pay redemption premium calculated at 12%, 12.5% and 13% respectively on the deferred payments. The Issuer may make voluntary premature redemption of the Shares in part or in full in which event the Redemption Premium shall be computed @ 12% compounded annually on the Subscription amount from the subscription date till the redemption date. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010. The Company and the Subscriber have an option for early redemption of the Preference Shares. In case the early redemption option is exercised, the amount payable on redemption at the end of year 1 shall be ₹ 1,638.50 lacs and at end of year 2 shall be ₹ 1,851.51 lacs. However, the date of redemption in 2010 has been deferred to October 18, 2012.

(d) Shares held by holding/ ultimate holding Company and/ or their subsidiaries

Equity Shares

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding Company	218,250	21.83	218,250	21.83

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
RHC Holding Private Limited, the ultimate holding Company	1,450,000	145.00	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
RHC Holding Private Limited, the ultimate holding Company	3,196,000	287.64	3,196,000	287.64

(e) Details of shareholders holding more than 5% shares in the Company

Equity Shares

Name of Shareholder	March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	81.34%	329,591,530	81.34%

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	1,450,000	100%	1,450,000	100%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each**

Name of Shareholder	March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	3,196,000	100%	3,196,000	100%

As per records of the Company, including its register of share holders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 12.

(g) Shares reserved for issued on conversion

For details of shares reserved for issue on conversion of bonds, please refer note 20 regarding terms of conversion/ redemption of bonds.

NOTE 4(ii) : RESERVES & SURPLUS**a. Securities premium account**

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Balance as per the last financial statements	257,922.92	137,206.52
Add : Premium on issue of equity shares	49.00	125,471.25
Less : Expenses incurred for issue of equity shares	-	(34.82)
Less : Applied for premium on redemption of non-convertible debentures	-	(2,610.42)
Less : Expenses incurred for issue of 5% Foreign Currency Convertible Bonds	-	(1,223.09)
Less : Amount utilised for accrual of premium payable on redemption of cumulative redeemable preference shares	(1,496.85)	(886.52)
Closing balance	256,475.07	257,922.92

b. Amalgamation reserve

Balance as per the last financial statements	156.00	156.00
Closing balance	156.00	156.00

c. Debenture redemption reserve

Opening balance	-	-
Add: current year transfer	1,630.43	-
Closing balance	1,630.43	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
d. Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statement	2,893.72	(11,287.29)
Add : Profit for the year	20,138.54	14,181.01
Less : Transfer to Debenture redemption reserve	(1,630.43)	-
Net surplus in the statement of profit and loss	21,401.83	2,893.72
	279,663.33	260,972.64

NOTE 4(iii) : LONG TERM BORROWINGS

Secured

Term loans from bodies corporate (refer note 9 (i) (a))	17,033.33	-
	17,033.33	-

Unsecured

5% Foreign currency convertible bonds (refer note 9 (ii) (a))	50,944.90	44,587.20
	50,944.90	44,587.20
	67,978.23	44,587.20

NOTE 4 (iv): OTHER LONG TERM LIABILITIES

Trade payables (refer note 25 for details of dues to micro and small enterprises)	15.71	-
Interest accrued but not due on borrowings	4,925.83	1,959.54
Premium payable on redemption of redeemable preference shares	2,044.43	1,221.07
Others	14.40	14.40
	7,000.37	3,195.01

NOTE 4 (v): LONG TERM PROVISIONS

Provision for employee benefits :

Provision for gratuity (refer note 13)	466.12	331.53
	466.12	331.53

NOTE 4 (vi): SHORT TERM BORROWINGS

Secured

Other loans and advances : (refer note 9 (i)(c))

Bank overdraft	1,266.05	-
	1,266.05	-

Unsecured

Other loans and advances : (refer note 9 (ii))

Working capital demand loan	3,500.00	-
11% Redeemable non convertible debentures	30,000.00	-
Commercial papers from banks	7,500.00	-
	41,000.00	-
	42,266.05	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (vii) : TRADE PAYABLES		
Trade payables (refer note 25 for details of dues to micro and small enterprises)	5,693.32	2,807.95
	5,693.32	2,807.95
NOTE 4 (viii): OTHER CURRENT LIABILITIES		
Current maturities of long term debts - secured (refer note 9(i)(a,b))	466.67	342.49
Advances from patients	397.65	410.15
Sundry deposits	19.20	12.47
Interest accrued but not due on borrowings	125.84	3.07
Premium payable on redemption of redeemable preference shares	3,733.01	3,059.52
Statutory payables	484.59	308.70
Capital creditors	292.91	45.95
	5,519.87	4,182.35
NOTE 4 (ix) : SHORT TERM PROVISIONS		
a. Provision for employee benefits		
Provision for gratuity (refer note 13)	25.24	37.94
Provision for leave encashment	385.55	311.49
b. Other provisions		
Wealth tax	-	4.73
	410.79	354.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 4(x) (a) : TANGIBLE ASSETS

	₹ in lacs						
	Leasehold improvements	Plant & machinery	Medical equipments	Furniture & fittings	Computers equipments	Office equipments	Vehicles
At Cost							Total
As at April 1, 2010	1,732.43	1,811.28	7,783.20	552.09	668.89	240.01	13,408.70
Additions	80.38	12.71	909.21	25.64	57.87	54.21	1,265.81
Disposals	-	2.69	125.72	2.76	30.33	2.10	212.10
As at March 31, 2011	1,812.81	1,821.30	8,566.69	574.97	696.43	292.12	14,462.41
Additions	359.30	70.40	1,415.55	120.08	141.54	53.97	2,438.80
Disposals	-	24.40	309.69	2.99	2.04	6.30	368.64
As at March 31, 2012	2,172.11	1,867.30	9,672.55	692.06	835.93	339.79	16,532.57
Depreciation							
As at April 1, 2010	1,139.99	1,126.22	3,109.65	290.71	442.25	58.75	6,318.37
Charge for the year	13.99	173.30	611.37	30.10	70.57	37.03	999.24
Disposals	-	1.77	67.27	1.65	24.58	0.53	117.97
As at March 31, 2011	1,153.98	1,297.75	3,653.75	319.16	488.24	95.25	7,199.64
Charge for the year	121.10	163.37	651.90	47.80	104.19	24.59	1,181.20
Disposals	-	16.03	135.51	2.82	1.45	2.35	169.99
As at March 31, 2012	1,275.08	1,445.09	4,170.14	364.14	590.98	117.49	8,210.85
Net Block							
As at March 31, 2011	658.83	523.55	4,912.94	255.81	208.19	196.87	7,262.77
As at March 31, 2012	897.03	422.21	5,502.41	327.92	244.95	222.30	8,321.72

Note: The above assets include certain fixed assets leased pursuant to operating lease agreements. Refer Note 7 (b).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**NOTE 4(x) (b) : INTANGIBLE ASSETS**

₹ in lacs

	Technical know how fees	Software	Total
Gross block			
As at April 1, 2010	201.42	406.83	608.25
Purchase	-	3.68	3.68
As at March 31, 2011	201.42	410.51	611.93
Purchase	-	66.40	66.40
As at March 31, 2012	201.42	476.91	678.33
Amortisation			
As at April 1, 2010	201.42	276.07	477.49
Charge for the year	-	40.28	40.28
As at March 31, 2011	201.42	316.35	517.77
Charge for the year	-	30.24	30.24
As at March 31, 2012	201.42	346.59	548.01
Net block			
As at March 31, 2011	-	94.16	94.16
As at March 31, 2012	-	130.32	130.32

Note: The above assets include certain fixed assets leased pursuant to operating lease agreements. Refer Note 7 (b) .

NOTE 4 (xi) : NON CURRENT INVESTMENTS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
A. Investment in associates companies		
Sunrise Medicare Private Limited (3,126 (Previous Year 3,126) Equity Shares of ₹ 10/- each)	0.31	0.31
Hiranandani Healthcare Private Limited (refer note 18) (3,400,000 (Previous Year 400,000) Equity Shares of ₹ 10/- each) (Of the above, 3 shares are jointly held with nominee share holders)	-	40.00
Fortis Medicare International Limited (10,000 (Previous Year 10,000) Ordinary Shares of US\$ 1/- each)	4.75	4.75

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
B. Investment in subsidiaries		
Escorts Heart Institute and Research Centre Limited (2,000,310 (Previous Year 1,800,260) Equity Shares of ₹ 10/- each)	71,894.80	58,894.80
International Hospital Limited (Nil (Previous Year 4,025,123) Equity Shares of ₹ 100/- each) (of the above, in Previous Year 4,033 shares have been acquired without any consideration) (of the above, in Previous Year 6 shares are held by nominee shareholders)	-	4,021.09
Fortis Hospotel Limited (149,822,782 (Previous Year 146,885,080) Equity Shares of ₹ 10/- each) (of the above, 6 (Previous Year 6) shares are held by nominee shareholders)	20,739.71	40,666.09
Escorts Heart Super Speciality Hospital Limited (Nil (Previous year 1,392,520) 0.01% Compulsorily Convertible Preference Shares of ₹ 10/- each)	-	439.72
Fortis Healthcare International Limited (refer note 15) (98,560,000 (Previous Year 32,560,000) Ordinary Shares of MUR10/- each)	14,744.49	4,694.49
Super Religare Laboratories Limited (SRL) (42,749,217 (previous year Nil) Equity Shares of ₹ 10/- each) Shareholding in SRL is pledged to secure a term loan from a body corporate (refer note 9 (i)(a))	80,368.53	-
Fortis Health Management (North) Limited (50,000 (previous year Nil) Equity Shares of ₹ 10/- each)	5.00	-
Fortis Health Management (West) Limited (50,000 (previous year Nil) Equity Shares of ₹ 10/- each)	5.00	-
Fortis Hospitals Limited (40,250,577 (previous year 40,250,577) Equity Shares of ₹ 10/- each)	40,205.58	40,205.58
Hiranandani Healthcare Private Limited (refer note 18) (3,400,000 (Previous Year 400,000) Equity Shares of ₹ 10/- each) (Of the above, 3 shares are jointly held with nominee share holders)	3,040.00	-
Aggregate amount of unquoted investments	231,008.17	148,966.83

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xii) : LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances	329.83	91.10
Security deposits	793.57	194.76
Loans to subsidiaries (refer note 6)	42,924.29	37,885.71
MAT credit entitlement	5,867.77	1,837.32
	49,915.47	40,008.90
NOTE 4 (xiii) : OTHER NON CURRENT ASSETS		
Unsecured, Considered good		
Advance tax and tax deducted at source	131.66	338.10
Interest accrued but not due on loans and deposits	1,632.04	1,648.79
Unsecured, considered doubtful		
Advance tax and tax deducted at source	20.63	20.63
	1,784.32	2,007.52
Less : Provision for doubtful advances	20.63	20.63
	1,763.70	1,986.89
NOTE 4 (xiv) : CURRENT INVESTMENTS		
Unquoted (valued at lower of cost and fair value, unless stated otherwise)		
Mutual funds		
Nil (Previous year 37,140.22) units of ₹ 1,000 each in UTI Treasury Advantage Fund	-	465.07
Nil (Previous year 40,842.06) units of ₹ 1,000 each in Religare Ultra Short Term Fund- Institutional Growth	-	2,650.00
Nil (Previous year 10,000,000) units of ₹ 10 each in Principal PNB Fixed Maturity Plan	-	1,000.00
	-	4,115.07
NOTE 4 (xv) : INVENTORIES (at lower of cost and net realizable value)		
Medical consumables and drugs	384.16	288.60
Stores and spares	41.13	34.44
	425.29	323.04

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
NOTE 4 (xvi) : TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,762.58	2,137.92
Considered doubtful	732.02	727.70
Other receivables		
Unsecured, considered good	3,540.44	3,274.14
Considered doubtful	1.58	-
	7,036.62	6,139.76
Less : Provision for doubtful receivables	733.60	727.70
	6,303.02	5,412.06
NOTE 4 (xvii) : CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks		
- On current accounts	1,274.30	412.55
- On deposit accounts original maturity of less than 3 months	56.21	3,212.73
Cash in hand	19.92	14.31
Cheques on hand	42.76	8.81
	1,393.19	3,648.40
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	115.24	158.08
Deposits with original maturity of more than 12 months	11.00	-
	126.24	158.08
	1,519.43	3,806.48
NOTE 4 (xviii) : SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security deposits	83.53	33.87
Loans to subsidiaries (refer note 6)	130,320.02	128,818.01
Loans to bodies corporate and others	-	1,960.05
Advances recoverable in cash or in kind or for value to be received	9,012.14	3,801.17
Balances with customs, excise and other authorities	520.66	306.82
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	14.76	-
	139,951.12	134,919.92
Less : Provision for doubtful advances	14.76	-
	139,936.36	134,919.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xix) : OTHER CURRENT ASSETS		
Unsecured, Considered good		
Interest accrued but not due on loans and deposits	4,920.47	9,525.11
Accrued operating income	408.78	448.62
	<u>5,329.25</u>	<u>9,973.73</u>
NOTE 4 (xx) : REVENUE FROM OPERATIONS		
Sales of Services		
In patient	21,065.58	18,443.09
Out patient*	3,171.27	2,725.48
Income from medical services	2,034.95	2,796.87
Management fees from hospitals	91.25	435.23
	<u>26,363.05</u>	<u>24,400.67</u>
Less: Trade discounts	<u>319.46</u>	<u>310.37</u>
	<u>26,043.59</u>	<u>24,090.30</u>
(*Net of the amount capitalised. Also, refer note 28)		
Sales of Goods		
Pharmacy	781.52	858.94
Less: Trade discounts	<u>39.73</u>	<u>119.88</u>
	<u>741.79</u>	<u>739.06</u>
Other Operating Income		
Income from rehabilitation centre	188.29	228.04
Sponsorship income	98.36	141.55
Income from academic services	43.38	22.94
Income from rent	84.59	83.99
Equipment lease rental	825.12	749.31
Unclaimed balances and excess provisions written back (includes prior period items of ₹ Nil (previous year ₹ 25.32 lacs))	7.52	489.75
Export benefits	76.33	-
	<u>1,323.59</u>	<u>1,715.58</u>
	<u>28,108.97</u>	<u>26,544.94</u>
NOTE 4 (xxi) : OTHER INCOME		
Profit on redemption of mutual funds	172.11	1,322.48
Interest on bank deposits	164.52	808.78
Interest on loan - others	12,217.06	15,162.05
Foreign exchange fluctuation gain (net)	135.51	254.95
Miscellaneous income	15.31	4.72
	<u>12,704.51</u>	<u>17,552.98</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xxii) : (INCREASE)/ DECREASE IN INVENTORIES OF MEDICAL CONSUMABLES AND DRUGS		
Inventory at the beginning of the year	288.60	274.28
Inventory at the end of the year	384.16	288.60
	<u>(95.56)</u>	<u>(14.32)</u>

NOTE 4 (xxiii) : EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus*	5,977.82	4,807.71
Gratuity (refer note 13)*	123.66	151.43
Leave encashment*	102.04	147.70
Contribution to provident & other funds*	357.74	298.70
Staff welfare expenses*	244.53	219.71
Recruitment & training	268.11	209.83
	<u>7,073.90</u>	<u>5,835.08</u>

(*Net of the amount capitalised. Also, refer note 28)

NOTE 4 (xxiv) : OTHER EXPENSES

Contractual manpower	225.68	181.28
Power, fuel and water*	587.18	552.06
Housekeeping expenses including consumables*	222.82	185.90
Patient food and beverages	241.70	211.61
Pathology laboratory expenses	662.60	450.00
Radiology expenses	904.20	820.19
Consultation fees to doctors	571.92	529.64
Professional charges to doctors	1,902.36	1,483.78
Repairs and maintenance		
- Building	117.03	47.15
- Plant and machinery (includes prior period items of ₹ Nil (previous year ₹ 0.19 lacs))	313.61	276.08
- Others*	322.14	110.61
Rent		
- Hospital building	2,164.61	1,943.69
- Equipments	1.45	31.23
- Others*	22.76	38.67
Donations	54.45	0.30
Legal and professional fee (includes prior period items of ₹ Nil (previous year ₹ 20.25 lacs))*	1,337.76	1,103.10
Travel and conveyance*	1,137.87	1,034.21

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Rates and taxes*	92.01	31.71
Printing and stationary*	187.67	150.97
Communication expenses*	172.17	124.15
Directors' sitting fees	21.96	13.04
Insurance	145.45	118.87
Marketing and business promotion	570.59	577.18
Wealth tax	6.48	4.57
Loss on sale of assets	26.09	45.62
Auditors' remuneration		
- Audit fee	11.00	10.00
- Limited review fees	13.50	7.80
- Fees for audit of consolidated financial statement	5.00	3.00
- Tax audit fee	2.50	2.50
- Certification fee	4.45	3.50
- Out of pocket expenses	1.28	1.76
Bad debts and sundry balances written off	105.57	43.90
Provision for doubtful debts	500.00	372.28
Miscellaneous expenses*	45.91	75.58
	12,701.77	10,585.93

(*Net of the amount capitalised. Also, refer note 28)

NOTE 4 (xxv) : FINANCE COSTS

Interest		
- On term loans	8,140.36	4,810.59
- On cash credit	74.16	7.51
- Others	264.76	317.70
Bank charges	30.97	21.85
	8,510.25	5,157.65
Other borrowing costs		
- Arrangement fees written off	-	44.86
- Finance charges	336.06	162.53
	336.06	207.39
Exchange difference to the extent considered as an adjustment to borrowing costs	1,447.09	-
	10,293.40	5,365.04

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xxvi) : DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	1,181.20	999.24
Amortization of intangible assets	30.24	40.28
	1,211.44	1,039.52

NOTE 4 (xxvii) : EARNINGS PER SHARE (EPS)

Profit as per profit and loss account	20,138.54	14,181.01
Weighted average number of equity shares in calculating Basic EPS	405,150,691	384,882,107
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	180,702	345,349
Weighted average number of equity shares in calculating Diluted EPS	405,331,393	385,227,456

5% Foreign currency convertible bonds issued by the Company, are considered as antidilutive and accordingly, has not been considered for the computation of diluted EPS

5. Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

6. Related Party Transactions

Names of Related parties (as certified by the management)

Holding Company	RHC Holding Private Limited (Holding Company of FHHPL w.e.f. December 22, 2010)	
	Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited) ('FHHPL')	
Subsidiary Companies - direct or indirect through investment in subsidiaries	1)	International Hospital Limited ('IHL').
	2)	Fortis Hospotel Limited ('FHTL').
	3)	Escorts Heart Institute and Research Centre Limited ('EHIRCL')
	4)	Lalitha Healthcare Private Limited ('LHPL')
	5)	Escorts Hospital and Research Centre Limited ('EHRCL')
	6)	Escorts Heart and Super Speciality Institute Limited ('EHSSIL')
	7)	Escorts Heart and Super Speciality Hospital Limited ('EHSSHL')
	8)	Escorts Heart Centre Limited ('EHCL'). (Upto March 3, 2011)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

9)	Fortis Health Management Limited ('FHML')
10)	Fortis Healthcare International Limited ('FHIL')
11)	Fortis Malar Hospitals Limited ('FMHL')
12)	Fortis Hospitals Limited ('FHsL')
13)	Fortis Global Healthcare (Mauritius) Limited ('FGHML')
14)	Kanishka Healthcare Limited ('KHL')
15)	Fortis Emergency Services Limited (upto January 2, 2012, fellow subsidiary thereafter)
16)	Malar Stars Medicare Limited
17)	Fortis C-Doc Healthcare Limited (w.e.f. September 17, 2010)
18)	Fortis Asia Healthcare Pte. Limited (w.e.f. January 7, 2011) ('FAHPL')
19)	Fortis Global Healthcare Infrastructure Pte. Limited (w.e.f. March 31, 2011)
20)	Hiranandani Healthcare Private Limited (w.e.f. June 28, 2011)
21)	Fortis Health Management (North) Limited ('FHMNL')
22)	Fortis Health Management (West) Limited ('FHMWL')
23)	Fortis Health Management (South) Limited ('FHMSL')
24)	Fortis Health Management (East) Limited ('FHMEI')
25)	Super Religare Laboratories Limited (w.e.f. May 12, 2011) ('SRL')
26)	Hospitalia Eastern Private Limited (w.e.f. October 1, 2011)
27)	Fortis Health Staff Limited (w.e.f. March 18, 2011)
28)	Fortis Healthcare International Pte. Limited (w.e.f. January 12, 2012) ('FHIPL')
29)	Fortis Healthcare Australia Pty Ltd (w.e.f. January 12, 2012) ('FHAPL')
30)	Fortis Healthcare Singapore Pte Ltd (w.e.f. January 12, 2012)
31)	Altai Investments Limited (w.e.f. January 12, 2012) ('AIL')
32)	Mena Healthcare Investment Company Limited (w.e.f. January 12, 2012) ('MHICL')
33)	Super Religare Laboratories International FZ LLC (w.e.f. January 12, 2012)
34)	Fortis Healthcare Singapore Pte Limited (w.e.f. January 12, 2012) ('FHSPL')
35)	Hoan My Medical Corporation (w.e.f. January 12, 2012)
36)	Dental Corporation Holdings Limited (w.e.f. January 12, 2012)
37)	Radlink Asia Pte Ltd (w.e.f. January 30, 2012)
38)	Dental Corporation Pty Ltd (w.e.f. January 12, 2012)
39)	Close Dental Pty Ltd (w.e.f. January 12, 2012)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

40)	Craig Duval Dental Pty Ltd (w.e.f. January 12, 2012)
41)	David Cox Dental Pty Ltd (w.e.f. January 12, 2012)
42)	Prime Dental Pty Ltd (w.e.f. January 12, 2012)
43)	Hazel Ridge Pty Ltd (w.e.f. January 12, 2012)
44)	John M Levas Pty Ltd (w.e.f. January 12, 2012)
45)	Scott Petrie Dental Pty Ltd (w.e.f. January 12, 2012)
46)	DC Holdings WA Pty Ltd (w.e.f. January 12, 2012)
47)	Dental Care Network Pty Ltd (w.e.f. January 12, 2012)
48)	Dental Corporation (NZ) Ltd (w.e.f. January 12, 2012)
49)	Dental Corporation Of Canada Holdings Inc. (w.e.f. January 12, 2012)
50)	Drs Lim Hoe & Wong Radiology Pte. Ltd (w.e.f. January 12, 2012)
51)	Radlink Women & Fetal Imaging Pte. Ltd (w.e.f. January 30, 2012)
52)	Radlink Pet and Cardiac Imaging Centre Pte Ltd (w.e.f. January 30, 2012)
53)	Healthcare Diagnostic Services Pte. Ltd (w.e.f. January 12, 2012)
54)	Singapore Molecular Therapy Centre Pte Ltd (w.e.f. January 12, 2012)
55)	Singapore Radiopharmaceuticals Pte Ltd (w.e.f. January 12, 2012)
56)	Radlink Medicare (Tampines) Pte. Ltd (w.e.f. January 30, 2012)
57)	Radlink Medicare (Jurong East) Pte Ltd (w.e.f. January 30, 2012)
58)	DRS Thompson & Thomson (Radlink Medicare) Pte Ltd (w.e.f. January 12, 2012)
59)	Radlink Medicare (Woodlands) Pte Ltd (w.e.f. January 30, 2012)
60)	Radlink Medicare (Bishan) Pte Ltd (w.e.f. January 30, 2012)
61)	Clinic 1886 Pte Ltd (w.e.f. January 12, 2012)
62)	Healthcare Clinic & Surgery Pte Ltd (w.e.f. January 12, 2012)
63)	Radlink Diagnostic Imaging (S) Pte Ltd (w.e.f. January 30, 2012)
64)	Radlink Medicare Pte. Ltd. (w.e.f. January 30, 2012)
65)	Hoan My SaiGon General Hospital Joint Stock Company (w.e.f. January 12, 2012)
66)	Hoan My Da Nang Deneral Hospital Joint Stock Company (w.e.f. January 12, 2012)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

67)	Hoan My Da Lat Deneral Hospital Joint Stock Company (w.e.f. January 12, 2012)
68)	Hoan My Cuu Long Deneral Hospital Joint Stock Company (w.e.f. January 12, 2012)
69)	Hoan My District 3 Poly Clinic Company Limited (w.e.f. January 12, 2012)
70)	Hue Medical Investment Joint Stock Company (w.e.f. January 12, 2012)
71)	Quality HealthCare Limited (w.e.f. January 12, 2012)
72)	Quality Healthcare Medical Services Limited (w.e.f. January 12, 2012)
73)	Fortis HealthCare Hong Kong Limited (w.e.f. January 12, 2012)
74)	Portex Limited (w.e.f. January 12, 2012)
75)	Quality HealthCare Services Limited (w.e.f. January 12, 2012)
76)	Quality HealthCare Hong Kong Limited (w.e.f. January 12, 2012)
77)	Green Apple Associates Ltd (w.e.f. January 12, 2012)
78)	Quality Healthcare Medical Services (Macau) Limited (w.e.f. January 12, 2012)
79)	Quality EAP (Macau) Limited (w.e.f. January 12, 2012)
80)	Quality Healthcare Chinese Medicine Limited (w.e.f. January 12, 2012)
81)	Quality Healthcare Medical Centre Limited (w.e.f. January 12, 2012)
82)	SmartLab Limited (w.e.f. January 12, 2012)
83)	Allied Medical Practices Guild Limited (w.e.f. January 12, 2012)
84)	Normandy (Hong Kong) Limited (w.e.f. January 12, 2012)
85)	Berkshire Group Limited (w.e.f. January 12, 2012)
86)	Universal Lane Limited (w.e.f. January 12, 2012)
87)	Quality Healthcare Professional Services Limited (w.e.f. January 12, 2012)
88)	Global Rx Limited (w.e.f. January 12, 2012)
89)	Fortis Hospitals Hong Kong Limited (w.e.f. January 12, 2012)
90)	Healthcare Opportunities Limited (w.e.f. January 12, 2012)
91)	Central Medical Diagnostic Centre Limited (w.e.f. January 12, 2012)
92)	Marvellous Way Limited (w.e.f. January 12, 2012)
93)	DB Health Services Limited (w.e.f. January 12, 2012)
94)	TCM Products Limited (w.e.f. January 12, 2012)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

95)	GHC Holding Limited (w.e.f. January 12, 2012)
96)	Case Specialist Limited (w.e.f. January 12, 2012)
97)	Jadeast Limited (w.e.f. January 12, 2012)
98)	Jadefairs International Limited (w.e.f. January 12, 2012)
99)	Jadison Investment Limited (w.e.f. January 12, 2012)
100)	Jadway International Limited (w.e.f. January 12, 2012)
101)	Megafaith International Limited (w.e.f. January 12, 2012)
102)	Great Option Limited (Hong Kong) (w.e.f. January 12, 2012)
103)	Quality Healthcare Dental Services Limited (w.e.f. January 12, 2012)
104)	Quality Healthcare Nursing Agency Limited (w.e.f. January 12, 2012)
105)	Quality Healthcare Physiotherapy Services Limited (w.e.f. January 12, 2012)
106)	Quality Healthcare Psychological Services Limited (w.e.f. January 12, 2012)
107)	Dynamic People Group Limited (w.e.f. January 12, 2012)
108)	Central MRI Centre Limited (w.e.f. January 12, 2012)
109)	Central Medical Laboratory Limited (w.e.f. January 12, 2012)
110)	Central PET/CT Scan Limited (w.e.f. January 12, 2012)
111)	Medical Management Company Ltd (w.e.f. January 12, 2012)
112)	Religare Health Trust (w.e.f. July 29, 2011)
113)	Super Religare Laboratories Diagnostics Private Limited ('SRLDPL') (w.e.f. May 12, 2012)
114)	Swindon Limited (w.e.f. January 12, 2012) ('SL')
115)	VOF PE Holdings 2 Limited (w.e.f. January 12, 2012) ('VOFPEHL')
Companies (29), (31), (32), (33) and (34) above are subsidiaries of FHIPL; Company (34) above is a subsidiary of MHICL; Companies (71), (72), (73), (75), (76), (77), (78), (79), (80), (81), (82), (83), (85), (87), (90), (91), (92), (93), (94), (95), (96), (97), (98), (99), (100), (101), (103), (104), (105), (106), (108), (109) and (110) above are subsidiaries of AIL; Companies (37), (50), (51), (52), (53), (54), (55), (56), (57), (58), (59), (60), (61), (62) and (63) above are subsidiaries of FHSPL; Companies (36), (38), (39), (40), (41), (42), (43), (44), (45), (46), (47), (48) and (49) above are subsidiaries of FHAPL; Companies (11), (14), (15), (23) and (24) above are subsidiaries of FHsl; Company (4) above is a subsidiary of KHL; Company (16) above is a subsidiary of FMHL; Company (17) above is a subsidiary of FHMNL; Companies (18) and (27) above are subsidiaries of EHIRCL; Company (28) above is a subsidiary of FAHPL; Company (13) above is a subsidiary of FHIL; Companies (19) and (112) above are subsidiaries of FGHML; Company (113) above is a subsidiary of SRL; Companies (65), (66), (67), (68), (69) and (70) above are subsidiaries of SL and VOFPEHL	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Fellow Subsidiaries (with whom transactions have been taken place)		Maple Leaf Buildcon Private Limited
		Fortis Emergency Services Limited (w.e.f. January 3, 2012)
		Religare Wellness Limited
Associates	a)	Sunrise Medicare Private Limited
	b)	Fortis Hospital Management Limited with effect from March 26, 2010 (subsidiary for the period April 8, 2008 to March 25, 2010)
	c)	Hiranandani Healthcare Private Limited (till June 27, 2011)
	d)	Medical and Surgical Centre Limited, Mauritius (Associate of Fortis Healthcare International Limited).
	e)	Parkways Holdings Limited from March 19, 2010 to August 20, 2010
	f)	Fortis Medicare International Limited with effect from June 22, 2010
	g)	Lanka Hospitals Corporation PLC (w.e.f. January 12, 2012) (Associate of Fortis Healthcare International Pte. Limited)
	h)	Town Hall Clinic (w.e.f. January 12, 2012) (Associate of Fortis Healthcare Singapore Pte. Limited)
	i)	Hoan My Minh Hai General Hospital Joint Stock Company (w.e.f. January 12, 2012) (Associate of SL and VOFPEHL)
	j)	Thien The Hoan My Joint Stock Company (w.e.f. January 12, 2012) (Associate of SL and VOFPEHL)
Joint Ventures	a)	Super Religare Reference Laboratories (Nepal) Private Limited (w.e.f. May 11, 2012) (Joint venture of SRL)
	b)	DDRC SRL Diagnostics Services Private Limited (w.e.f. May 11, 2012) (Joint venture of SRLDPL)
	c)	Fortis Cauvery (w.e.f. April 27, 2011), Partnership firm (Joint venture of FHMSL)
Key Management Personnel ('KMP')		Mr. Malvinder Mohan Singh – Executive Chairman
		Mr. Shivinder Mohan Singh - Executive Vice Chairman
Enterprises owned or significantly influenced by key management personnel or their relatives	a)	Super Religare Laboratories Limited (till May 11, 2011)
	b)	Fortis Nursing and Education Society
	c)	Religare Travels (India) Limited
	d)	ReligareTechnova IT Services Limited
	e)	Oscar Investments Limited
	f)	Religare Aviation Limited
	g)	Malav Holdings Limited
	h)	Shivi Holdings Limited
	i)	Religare Voyages Business Services Pvt Limited
	j)	Religare Technologies Limited
	k)	Religare Capital Market Limited
	l)	Religare Capital Market Plc.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The schedule of Related Party Transactions is as follows:

(₹ in lacs)

Transactions details	Year Ended March 31, 2012	Year Ended March 31, 2011
Transactions during the year		
Expenses allocated to related parties		
Fortis Hospotel Limited (Subsidiary)	329.32	270.91
Fortis Health Management (North) Limited (Subsidiary)	552.78	-
Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation centre, Rental and Pharmacy income)		
International Hospital Limited (Subsidiary)	21.50	864.00
Sunrise Medicare Private Limited (Associate)	5.10	-
Hiranandani Healthcare Private Limited (Subsidiary)**	12.40	34.60
Lalitha Healthcare Private Limited (Subsidiary)	-	8.50
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	55.53	32.66
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	3.65	3.60
Escorts Heart Institute and Research Centre Limited (Subsidiary)	11.30	44.92
Fortis Hospital Management Limited (Associate)	-	60.45
Escorts Hospital and Research Centre Limited (Subsidiary)	-	605.66
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	3.03	339.94
Super Religare Laboratories Limited (Subsidiary)***	-	72.58
Fortis Health Management (North) Limited (Subsidiary)	322.58	-
Expense incurred on behalf of		
Fortis Health Management (West) Limited (Subsidiary)	4.33	-
Fortis Health Management (South) Limited (Subsidiary)	4.34	-
Fortis Health Management (East) Limited (Subsidiary)	4.33	-
International Hospital Limited (Subsidiary)	2.20	27.61
Lalitha Healthcare Private Limited (Subsidiary)	0.35	0.07
Escorts Heart Institute and Research Centre Limited (Subsidiary)	13.65	56.44
Fortis Health Management (North) Limited (Subsidiary)	496.83	21.05
Fortis Hospotel Limited (Subsidiary)	49.37	3.78
Fortis Health Management Limited (Subsidiary)	5.73	0.20
Fortis Malar Hospitals Limited (Subsidiary)**	4.05	4.88
Fortis Hospitals Limited (Subsidiary)	14.85	1.91
Kanishka Healthcare Limited (Subsidiary)	0.06	0.01
Fortis Emergency Services Limited (Fellow subsidiary)*****	1.99	0.23

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Transactions details	Year Ended March 31, 2012	Year Ended March 31, 2011
Hiranandani Healthcare Private Limited (Subsidiary)**	1.28	2.36
Fortis Asia Healthcare Pte. Limited (Subsidiary)	51.00	-
Fortis Global Healthcare Infrastructure Pte. Ltd. (Subsidiary)	168.68	-
Super Religare Laboratories Limited (Subsidiary)***	5.51	5.72
Hospitalia Eastern Private Limited (Subsidiary)****	0.37	2.01
Expense incurred by		
Super Religare Laboratories Limited (Subsidiary)***	0.12	0.06
Fortis Health Management (North) Limited (Subsidiary)	3.59	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	32.83	208.33
Hiranandani Healthcare Private Limited (Subsidiary)**	9.87	0.70
International Hospital Limited (Subsidiary)	1.55	0.50
Fortis Hospotel Limited (Subsidiary)	4.87	16.43
Fortis Malar Hospitals Limited (Subsidiary)**	4.33	0.43
Lalitha Healthcare Private Limited (Subsidiary)	0.24	-
Fortis Hospitals Limited (Subsidiary)	9.77	-
Fortis Emergency Services Limited (Fellow subsidiary)*****	-	0.16
Interest income on loans and advances to		
Fortis Hospotel Limited (Subsidiary)	-	2,306.87
Sunrise Medicare Private Limited (Associate)	4.01	-
International Hospital Limited (Subsidiary)	3,676.21	7,923.06
Fortis Hospitals Limited (Subsidiary)	-	2,875.99
Escorts Heart Institute and Research Centre Limited (Subsidiary)	3,851.56	118.53
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	-	23.24
Fortis Healthcare International Limited (Subsidiary)	1,994.20	1,673.57
Fortis Health Management (North) Limited (Subsidiary)	2,354.93	-
Fortis Health Management (West) Limited (Subsidiary)	8.22	-
Super Religare Laboratories Limited (Subsidiary)***	7.42	-
Hiranandani Healthcare Private Limited (Subsidiary)**	270.38	217.78
Interest expense on loan taken from		
Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited (Holding Company))	-	295.61
Fortis Health Management Limited (Subsidiary)	173.52	-
Sale of fixed assets		
Super Religare Laboratories Limited (Subsidiary)***	-	34.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Transactions details	Year Ended March 31, 2012	Year Ended March 31, 2011
Loans/ advances given		
International Hospital Limited (Subsidiary)	20,787.00	337,622.32
Fortis Hospotel Limited (Subsidiary)	12,418.00	104,700.00
Fortis Hospitals Limited (Subsidiary)	16,932.00	3,900.01
Fortis Healthcare International Limited (Subsidiary)	2,158.02	39,903.17
Fortis Health Management (North) Limited (Subsidiary)	128,187.00	-
Fortis Health Management (West) Limited (Subsidiary)	121.45	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	70,950.00	10,700.00
Super Religare Laboratories Limited (Subsidiary)***	300.00	
Hospitalia Eastern Private Limited (Subsidiary)****	-	500.00
Hiranandani Healthcare Private Limited (Subsidiary)**	1,840.00	-
Loans/ advances received back		
International Hospital Limited (Subsidiary)	122,034.00	345,488.27
Fortis Healthcare International Limited (Subsidiary)	2,364.45	-
Fortis Health Management (North) Limited (Subsidiary)	22,370.67	-
Fortis Hospotel Limited (Subsidiary)	15,660.00	104,700.00
Fortis Hospitals Limited (Subsidiary)	21,521.00	-
Hospitalia Eastern Private Limited (Subsidiary)****	295.00	-
Hiranandani Healthcare Private Limited (Subsidiary)**	-	660.00
Super Religare Laboratories Limited (Subsidiary)***	150.00	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	67,447.00	10,214.00
Loans taken		
Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited (Holding Company))	-	50,300.00
Fortis Health Management Limited (Subsidiary)	2,900.00	-
Loans repaid		
Fortis Health Management Limited (Subsidiary)	2,900.00	-
Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited (Holding Company))	-	50,300.00
Pathology laboratory expenses		
Super Religare Laboratories Limited (Subsidiary)***	662.60	454.53
Travel and conveyance expenses		
Religare Travel (India) Limited (Owned/significantly influenced by KMP/their relatives)	142.54	161.66
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	241.83	67.25
Religare Voyages Business Services Pvt Limited (Owned/significantly influenced by KMP/their relatives)	-	16.84

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Transactions details	Year Ended March 31, 2012	Year Ended March 31, 2011
Purchase of fixed assets		
ReligareTechnova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	-	16.27
Fortis Hospotel Limited (subsidiary)	-	50.61
Repairs and maintenance expenses		
ReligareTechnova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	-	7.18
Marketing expenses		
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	128.24	-
Managerial remuneration		
Shivinder Mohan Singh (KMP)	539.28	539.28
Directors' sitting fees		
Malvinder Mohan Singh (KMP)	2.25	1.50
Legal and professional fee		
ReligareTechnova IT Services Limited (Owned/significantly influenced by KMP/their relatives)	-	5.23
Religare Capital Market Limited (Owned/significantly influenced by KMP/their relatives)	-	923.92
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	240.00	-
Religare Capital Market Plc. (Owned/significantly influenced by KMP/their relatives)	-	1.58
Subscription of share capital (including premium)		
Malvinder Mohan Singh (KMP)	-	3.91
Shivinder Mohan Singh (KMP)	-	3.91
Malav Holdings Limited (Owned/significantly influenced by KMP/their relatives)	-	81.86
Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited (Holding Company))	-	133,719.23
RHC Holding Private Limited (Ultimate holding company)*	-	74.21
Redemption of non convertible debentures (including premium)		
RHC Holding Private Limited (Ultimate holding company)*	-	29,534.97
Corporate Guarantees given to banks for loans availed by		
Fortis Hospitals Limited (Subsidiary)	1,500.00	-
International Hospital Limited (Subsidiary)	16,900.00	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	41,500.00	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Transactions details	Year Ended March 31, 2012	Year Ended March 31, 2011
Super Religare Laboratories Limited (Subsidiary)***	9,700.00	-
Fortis Health Management (North) Limited (Subsidiary)	3,500.00	-
Fortis Health Management Limited (Subsidiary)	6,500.00	-
Kanishka Healthcare Limited (Subsidiary)	17,600.00	-
Corporate guarantee withdrawn for loans taken by		
Fortis Hospotel Limited (Subsidiary)	2,000.00	-
Fortis Hospitals Limited (Subsidiary)	-	5,000.00
Escorts Heart and Super Speciality Institute Limited (Subsidiary)	-	2,500.00
International Hospital Limited (Subsidiary)	-	40,000.00
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	-	104,092.63
Investments made in equity		
Fortis Hospotel Limited (Subsidiary)	-	40,666.09
Fortis Healthcare International Limited (Subsidiary)	-	4,694.49
Fortis Hospitals Limited (Subsidiary)	-	40,205.58
Hiranandani Healthcare Private Limited (Subsidiary)**	3,000.00	-
Fortis Health Management (North) Limited (Subsidiary)	5.00	-
Fortis Health Management (West) Limited (Subsidiary)	5.00	-
International Hospital Limited (Subsidiary)	2,000.00	-
Fortis Medicare International Limited (Associate)	-	4.75
Investment purchased from		
Maple Leaf Buildcon Private Limited (Fellow Subsidiary)	9,775.81	-
RHC Holding Private Limited (Ultimate holding company)*	11,280.00	-
Malav Holdings Private Limited (Owned/significantly influenced by KMP/their relatives)	13,982.18	-
Oscar Investments Limited (Owned/significantly influenced by KMP/their relatives)	31,348.36	-
Shivi Holdings Private Limited (Owned/significantly influenced by KMP/their relatives)	13,982.18	-
Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited (Holding Company))	13,000.00	-
International Hospital Limited (Subsidiary)	10,050.00	-
Investment in equity sold to		
Fortis Health Management Limited (Subsidiary)	44,189.20	-
License user agreement fees		
RHC Holding Private Limited (Ultimate holding company)*	1.00	1.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Balance outstanding at the year end	As at March 31, 2012	As at March 31, 2011
Loans / advances recoverable		
Fortis Hospotel Limited (Subsidiary)	4,312.88	6,992.47
International Hospital Limited (Subsidiary)	10,264.92	114,518.82
Fortis Hospitals Limited (Subsidiary)	14,499.26	19,079.81
Hiranandani Healthcare Private Limited (Subsidiary)**	3,419.82	1,595.83
Religare Aviation Limited (Owned/significantly influenced by KMP/their relatives)	-	0.60
Medical and Surgical Centre Limited (Associate)	1.50	13.77
Escorts Heart Institute and Research Centre Limited (Subsidiary)	7,895.00	604.53
Escorts Hospital and Research Centre Limited (Subsidiary)	-	26.83
Hospitalia Eastern Private Limited (Subsidiary)****	205.00	500.00
Religare Wellness Limited (Fellow Subsidiary)	-	7.19
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	-	91.44
Fortis Healthcare International Limited (Subsidiary)	42,924.29	39,534.49
Fortis Health Management (West) Limited (Subsidiary)	125.78	-
Fortis Health Management (North) Limited (Subsidiary)	96,236.50	-
Super Religare Laboratories Limited (Subsidiary)***	150.00	3.97
Fortis Emergency Services Limited (Fellow subsidiary)*****	0.50	-
Lalitha Healthcare Private Limited (Subsidiary)	0.11	-
Fortis Health Management (East) Limited (Subsidiary)	4.33	-
Fortis Asia Healthcare Pte. Limited (Subsidiary)	51.00	-
Fortis Global Healthcare Infrastructure Pte. Ltd. (Subsidiary)	168.68	-
Trade receivables		
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	-	128.55
Sunrise Medicare Private Limited (Associate)	6.62	-
Escorts Hospital and Research Centre Limited (Subsidiary)	-	112.00
Hiranandani Healthcare Private Limited (Subsidiary)**	81.86	73.60
International Hospital Limited (Subsidiary)	-	1,714.56
Medical and Surgical Centre Limited (Associate)	-	7.34
Fortis Nursing and Education Society (Owned/significantly influenced by KMP/their relatives)	21.60	6.90
Fortis Health Management (North) Limited (Subsidiary)	1,934.19	-
Trade payables and other liabilities		
Super Religare Laboratories Limited (Subsidiary)***	48.03	-
Fortis Malar Hospitals Limited (Subsidiary)**	6.27	-
Fortis Health Staff Limited (Subsidiary)	21.45	21.45

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Balance outstanding at the year end	As at March 31, 2012	As at March 31, 2011
Religare Technologies Limited (Owned/significantly influenced by KMP/their relatives)	8.03	13.41
Religare Travel (India) Limited (Owned/significantly influenced by KMP/their relatives)	21.72	-
Investments		
Escorts Heart Institute and Research Centre Limited (Subsidiary)	71,894.80	58,894.80
International Hospital Limited (Subsidiary)	-	4,021.09
Fortis Hospotel Limited (Subsidiary)	20,739.71	40,666.09
Fortis Hospitals Limited (Subsidiary)	40,205.58	40,205.58
Super Religare Laboratories Limited (Subsidiary)***	80,368.53	-
Fortis Health Management (North) Limited (Subsidiary)	5.00	-
Escorts Heart and Super Speciality Hospital Limited (Subsidiary)	-	439.73
Hiranandani Healthcare Private Limited (Subsidiary)**	3,040.00	40.00
Fortis Healthcare International Limited (Subsidiary)	14,744.49	4,694.49
Fortis Health Management (West) Limited (Subsidiary)	5.00	-
Fortis Medicare International Limited (Associate)	4.75	4.75
Sunrise Medicare Private Limited (Associate)	0.31	0.31
Corporate guarantee for loans taken		
Guarantee given to IndusInd Bank (refer note a below)	10,000.00	10,000.00
Corporate guarantee given for loans availed by		
Fortis Hospotel Limited (Subsidiary)	6,000.00	8,000.00
Guarantee given to IndusInd Bank (refer note a below)	-	10,000.00
Hiranandani Healthcare Private Limited (Subsidiary)**	6,000.00	6,000.00
Fortis Hospitals Limited (Subsidiary)	51,500.00	50,000.00
International Hospital Limited (Subsidiary)	16,900.00	-
Super Religare Laboratories Limited (Subsidiary)***	9,700.00	-
Escorts Heart Institute and Research Centre Limited (Subsidiary)	41,500.00	-
Fortis Health Management (North) Limited (Subsidiary)	3,500.00	-
Fortis Health Management Limited (Subsidiary)	6,500.00	-
Kanishka Healthcare Limited (Subsidiary)	17,600.00	-
Personal guarantee for loans taken		
Shivinder Mohan Singh (KMP)	5,000.00	-
Malvinder Mohan Singh (KMP)	5,000.00	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Notes:**

- * Entity Owned/significantly influenced by KMP/their relatives till December 21, 2010, and Ultimate holding company thereafter
- ** Associate till June 27, 2011, and Subsidiary thereafter
- *** Entity Owned/significantly influenced by KMP/their relatives till May 11, 2011, and subsidiary thereafter
- **** Fellow subsidiary till September 30, 2011, and Subsidiary thereafter
- ***** Subsidiary till January 2, 2012 and fellow subsidiary thereafter
- a) Includes Guarantee given by the Company and EHRCL to IndusInd Bank for loan jointly availed by the Company, EHIRCL, EHRCL, EHSSIL, EHSSHL and IHL.

7. Leases**(a) Assets taken on Operating Lease:**

Hospital/ Office premises and few medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease payments in respect of such leases recognised in the profit and loss account for the year are ₹2,188.82 lacs (Previous Year ₹2,013.59 lacs) and capitalized during the year are ₹269.41 lacs (Previous Year ₹Nil).

The total future minimum lease payments under the non-cancellable operating leases are as under:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Minimum lease payments :		
Not later than one year	2,554.71	1,921.35
Later than one year but not later than five years	10,422.13	7,680.42
Later than five years	3,954.51	5,280.00

(b) Assets given on Operating Lease

- i) The Company has sub-leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the profit and loss account for the year are ₹84.59 lacs (Previous Year ₹83.99 lacs).
- ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its Associates. The lease term is for 3 years and thereafter renewable at the option of the lessor. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. The details of the capital assets given on operating lease are as under:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	As at March 31, 2012			As at March 31, 2011		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	116.34	106.19	10.15	3.46	2.40	1.06
Plant & Machinery	49.75	30.05	19.70	96.66	47.19	49.47
Medical Equipments	3,772.88	1,476.86	2,296.02	3,486.15	1,226.33	2,259.81
Furniture & Fittings	154.75	91.80	62.95	154.75	85.10	69.65
Computers	116.34	106.19	10.16	116.34	88.88	27.46
Office Equipments	27.38	7.75	19.62	27.38	6.48	20.90
Vehicles	42.50	15.16	27.33	37.25	18.24	19.01
Total	4,279.94	1,834.00	2,445.93	3,921.99	1,474.62	2,447.36

The total lease payments received in respect of such leases recognised in the profit and loss account for the year are ₹ 825.12 lacs (Previous Year ₹ 749.31 lacs).

The totals of future minimum lease payments receivable under the non-cancellable operating leases are as under:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Minimum lease payments :		
Not later than one year	212.84	865.73
Later than one year but not later than five years	-	216.43

8. Deferred Tax Assets / (Liability):

The Company has deferred tax liability of ₹595.56 lacs (previous year ₹464.70 lacs) and deferred tax assets of ₹706.63 lacs (previous year ₹1,175.73 lacs) as per details below. In accordance with Accounting Standard 22 'Accounting for Taxes on Income', as notified under Companies (Accounting Standard) Rules, 2006, in view of the large amount of accumulated losses carried forward at the close of the year, deferred tax assets on timing differences, on carried-forward losses and unabsorbed depreciation have not been recognized for in the books since it is not virtually certain whether the Company will be able to use such losses/depreciation. Accordingly the company has recognised deferred tax asset of ₹ 595.56 lacs (previous year ₹ 464.70 lacs) to the extent of deferred tax liabilities and no deferred tax asset (net of deferred tax liability) has been created in these financial statements in the absence of above virtual certainty.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax liability arising on account of:		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	596.56	464.70
	596.56	464.70
Deferred tax asset arising on account of:		
Effect of expenditure debited to profit and loss account in the current year but not allowed for tax purposes	522.53	464.70
On carry forward business losses and unabsorbed depreciation	74.04	-
	596.56	464.70
Deferred Tax Assets (Net)	-	-

9. Borrowings

(i) Secured Loans

(₹ in lacs)

Particulars	Note	31-Mar-12	31-Mar-12	31-Mar-11	31-Mar-11
		Non Current	Current	Non Current	Current
Term loan from a body corporate	(a)	17,033.33	466.67	-	-
Term loan from a body corporate	(b)	-	-	-	342.49
Bank overdraft	(c)	-	1,266.05	-	-

- a) Term Loan taken from a body corporate during the year is secured by a first pari passu charge by way of mortgage of the Company's immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company's movable assets, including movable machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company's book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in Super Religare Laboratories Limited in favour of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility. The rate of interest for each tranche of facility shall be 12.25% per annum, payable monthly. The loan is repayable in 84 structured monthly installments, after a moratorium of 12 months from the date of first disbursement.

Year	₹ in lacs
1	1,400
2	1,925
3	2,100
4	2,450
5	2,975
6	3,325
7	3,325

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- b) Term Loan from a body corporate was taken during the year ended March 31, 2007 and the loan was secured by first charge by way of hypothecation of specific equipments of the Company. The Loan is repayable in 60 monthly instalments, after a moratorium of 12 months and has been fully repaid in the month of February 2012. The loan can be prepaid in whole with interest @ 2% on principal prepaid. The loan carried interest rate of 10.75% per annum.
- c) Overdraft limit of ₹ 100,000,000 is secured by way of first paripassu charge over moveable fixed assets at Mohali hospital. Further, secured by first paripassu charge over stocks and book debts and carry interest rate ranging from 12.50% to 13.00% per annum.

(ii) Unsecured Loans

(₹ in lacs)

Particulars	Note	31-Mar-12	31-Mar-12	31-Mar-11	31-Mar-11
		Non Current	Current	Non Current	Current
5% Foreign currency convertible bonds	(a)	50,944.90	-	44,587.20	-
Working capital demand loan	(b)	-	3,500.00	-	-
Non convertible debentures	(c)	-	30,000.00	-	-
Commercial papers	(d)	-	7,500.00	-	-

- a) The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions. (Refer note 20 for further details)
- b) Working capital demand loan taken during the year from a bank is repayable within 3 months of draw down. Credit facilities and guarantees from Bank amounting to ₹ 5,000.00 lacs secured by personal guarantees from Malvinder Singh and Shivinder Singh for ₹ 5,000 lacs each. The facilities are repayable on demand and carry interest rate ranging from 9.75% to 12.60% per annum.
- c) 11% Secured Redeemable Non Convertible Debentures were issued on March 22, 2012 redeemable at par, bullet redemption at the end of six months from the date of allotment. The debentures are secured by way of first paripassu charge over the property of the Company located in State of Gujarat in favour of Debenture trustee; however the security has been furnished in the month of May 2012.
- d) Commercial papers from bank of ₹ 2,500 lacs and ₹ 5,000 lacs are redeemable on July 10, 2012 and June 20, 2012 respectively and have been issued to Canara Bank and Axis Bank respectively at interest rates varying between 12.75% to 14 % per annum.

10. Commitments:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
(a) Estimated amount of contracts remaining to be executed on capital account (Net of Capital Advances of ₹ 1,132.12 lacs (Previous Year ₹ 20.53 lacs))	2258.28	210.50
(b) Estimated amount of contracts remaining to be executed on revenue account	150.40	190.78

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (c) Going concern support in form of funding and operational support letters issued by the company in favour of EHSSIL, EHSSHL, EHRCL, IHL, FHML, KHL, HEPL, FHMWL, FHMSL, Fortis C-Doc Healthcare Limited and FHMEI.
- (d) For commitments relating to lease arrangements, refer note 7.

11. Contingent liabilities (not provided for) in respect of:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	396.81	397.06
Premium on redemption of US\$ 100 Million 5% Foreign Currency Convertible Bonds due 2015 (Refer note 20 below)	603.13	244.58
Corporate guarantee given to financial institutions/ banks in respect of financial assistance availed by subsidiaries and associates of the Company. None of the corporate guarantee have been evoked by the Banks/ Financial institutions during the year as the subsidiaries and associates of the Company have complied with the loan covenants.		
- IDBI Bank	4,500.00	4,500.00
- Yes Bank	81,000.00	-
- IndusInd Bank	10,000.00	20,000.00
- Axis Bank	5,000.00	2,000.00
- Royal Bank of Scotland	1,500.00	1,500.00
- HDFC Bank Limited	26,000.00	20,000.00
- Central Bank of India	20,000.00	20,000.00
- GE Money Financial Services Private Ltd	4,500.00	-
- Housing Development Finance Corporation Limited	-	6,000.00
- Kotak Mahindra Bank	5,200.00	-
Others	6.47	6.47

12. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the previous year and 200,000 options (Grant V) were granted during the current year. During the year 4,050,000 options (Grant VI) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

price of the Company during the year was ₹132.54 (previous year ₹155.87). As at March 31, 2012, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	February 23, 2012 to February 22, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	11-Sep-21	22-Feb-17

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2012		March 31, 2011	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,012,130	128.05	918,660	75.05
Granted during the year	4,250,000	112.93	1,302,250	158.00
Forfeited during the year	210,080	133.12	140,900	85.55
Exercised during the year	76,240	74.27	67,880	73.51
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,975,810	117.80	2,012,130	128.05
Exercisable at the end of the year	524,130	111.07	218,360	73.30
Weighted average remaining contractual life (in years)	7.10	-	8.93	-
Weighted average fair value of options granted (in ₹)	33.45	-	50.01	-

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2012	March 31, 2011
Range of exercise prices	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Number of options outstanding	5,975,810	2,012,130
Weighted average remaining contractual life of options (in years)	7.10	8.93
Weighted average exercise price (in ₹)	117.80	128.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Stock Options granted**

The weighted average fair value of stock options granted during the year is ₹26.60 (Previous Year ₹58.30). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2012	March 31, 2011
Exercise Price	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Expected Volatility	6.42% to 34%	32.89% to 34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	-	-
Average risk-free interest rate	7.50% to 8.70%	7.50% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Profit as reported	20,138.54	14,181.01
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(538.49)	(125.71)
Proforma profit	19,600.05	14,055.30
Earnings Per Share (In ₹)		
Basic		
- As reported	4.97	3.68
- Pro forma	4.84	3.65
Diluted		
- As reported	4.97	3.68
- Pro forma	4.84	3.65

The fair value of total option outstanding at the year end is ₹1,998.82 lacs (Previous Year ₹1,006.26 lacs) and these shall vest over a period of 5 years. Accordingly, the charge for the current year in relation to employee stock compensation on a straight line basis under fair value method would have been ₹538.49 lacs (Previous Year ₹125.71 lacs).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

13. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':

Defined Benefit Plan

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The Company also provides leave encashment benefit to its employees which is unfunded.

The following table summaries the components of net benefit expenses recognised in the profit and loss account and the amounts recognized in the balance sheet.

(₹ in lacs)

Particulars	Gratuity (Unfunded)	Gratuity (Unfunded)
	2011-2012	2010-2011
Profit and Loss account		
Net employee benefit expenses (recognized in Personnel Expenses / Capitalized under Capital work in progress)		
Current Service cost	84.52	62.84
Interest Cost on benefit obligation	28.34	18.35
Expected return on plan assets	NA	NA
Actuarial loss/(gain) recognised during the year	39.38	75.29
Past Service Cost	-	-
Net benefit expense	152.24	156.48
Actual return on plan assets	-	-
Balance sheet		
Details of Provision for Gratuity as at year end		
Present value of defined benefit obligation	491.36	369.47
Fair value of plan assets	NA	NA
Surplus/(deficit) of funds	(491.36)	(369.47)
Net asset/ (liability)	(491.36)	(369.47)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	369.47	245.93
Current Service cost	84.52	62.84
Interest Cost on benefit obligation	28.34	18.35
Benefits paid	(30.35)	(32.94)
Actuarial (loss)/ gain recognised during the year	39.38	75.29
Closing defined benefit obligation	491.36	369.47

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The Principal assumptions used in determining gratuity obligation for the Company's plan are shown below:

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	N/A	N/A
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal / Employee Turnover Rate		
Age upto 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%

Experience history for the current and previous three periods are as follows:

	Year ending			
	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
Defined benefit obligation at the end of the period	(490.90)	(212.17)	(245.93)	(229.91)
Plan assets at the end of the period	NA	NA	NA	NA
Funded status	(490.90)	(212.17)	(245.93)	(229.91)
Experience gain/ (loss) adjustment on plan liabilities	(85.50)	(75.29)	49.94	(30.94)
Experience gain/ (loss) adjustment on plan assets	NA	NA	NA	NA
Actuarial gain/ (loss) due to change on assumptions	28.21	NA	5.01	96.39

Notes:

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
 - b) The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.
 - c) ₹28.58 lacs (Previous Year ₹5.47 lacs) out of the net benefit expenses, as above, has been allocated to subsidiaries and one body corporate.
- 14.** The Company has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Company is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

15. Restructuring during the year

15.1 The Group's primary business consists of provision of Hospital Services through various entities. The Company initiated internal restructuring within the Group with a view to streamline and focus Group companies' resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Consequent to the internal restructuring initiated during the year, the business of certain identified hospitals of the Group are being divided into the following two verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:

- (i) One vertical (the "Clinical Establishments Division") will own, maintain and operate clinical establishments (being fully air conditioned institutions established, and specifically customized and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals), along with providing services under outpatient division and radio-diagnostic services (hereinafter referred to as the "Clinical Establishment Services").
- (ii) The other vertical (the "Medical Services Division") will undertake the business of running the hospital operations, being hereinafter referred to as provision of medical services, including in-patient services and emergency services ("Medical Services").

15.2 The Group intends to raise long term finance on competition of this restructuring for the resultant Clinical establishment vertical. The Group is currently evaluating various options including considering raising funds through the Singapore Exchange Securities Trading Limited ("SGX-ST") subject to necessary approvals of the shareholders. The said listing is inter alia dependent on completion of the aforementioned internal restructuring, market conditions and other organizational and regulatory factors. The Group has identified Religare Health Trust (RHT), which is a business trust established in Singapore for the purposes of the proposed listing.

RHT is expected to principally invest in medical and healthcare assets and services in Asia, Australasia and emerging markets in the rest of the world besides developing medical and healthcare assets. The Company is also the "Sponsor" of RHT for the purposes of the proposed listing of RHT on the SGX-ST.

15.3 Subsequent to the balance sheet date, RHT has been granted, through a letter dated May 24, 2012 issued by SGX, a conditional 'eligibility to list' for listing on the main board of the SGX-ST.

16. During the year, the Company has sold following investments in Associates and Subsidiaries:

(₹ in lacs)

Investment	Cost of investment at March 31, 2011	Additions during the year	Sales value	Gain/ (loss)	Balance as at March 31, 2012
Escorts Heart Super Speciality Hospital Limited	439.72	-	1,100.09	660.37	-
International Hospital Limited	4,021.09	2,000.00	6,021.09	-	-
Fortis Hospotel Limited *(FHTL)	40,666.09	-	37,728.39	17,802.00	20,739.71
Total	45,126.90	2,000.00	44,849.57	18,462.37	20,739.71

* Sold 49% in FHTL at gain of ₹17,802.00 lacs.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

All the investments have been sold to Fortis Health Management Limited (FHML) as part of proposed restructuring as explained more fully in note no 15 above.

17. During the year, the Company has purchased 42,749,217 equity shares of ₹10/- each at ₹188 per share comprising 74.59% (which has been diluted to 71.49%) of total equity share capital of Super Religare Laboratories Limited (SRL) for a total consideration of ₹80,368.53 lacs. Accordingly, SRL has become a subsidiary of the Company effective May 12, 2011.
18. During the year, the Company has subscribed 3,000,000 equity shares of ₹10/- each at ₹100 per share comprising 45% of total equity share capital of Hiranandani Healthcare Private Limited (HHPL) for a total consideration of ₹3,000.00 lacs. Prior to this the Company was holding 400,000 equity shares of ₹10/- each comprising 40% of total equity share capital of HHPL. Accordingly, HHPL has become a subsidiary of the Company effective June 28, 2011.
19. During the year, the Company has purchased 66,000,000 equity shares of MUR.10/- each at ₹15.23 per share comprising 67% of total equity share capital of Fortis Healthcare International Limited (FHIL) for a total consideration of ₹10,051.80 lacs. Prior to this the Company was holding 32,560,000 equity shares of MUR.10/- each comprising 33% of total equity share capital of FHIL. Accordingly, FHIL has become a direct subsidiary of the Company effective June 1, 2011.
20. During the previous year, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2012 amounting to ₹603.13lacs (Previous Year ₹244.58). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Exchange Rate at March 31, 2012 considered for restatement of the Bonds at the year end was ₹50.9449= US Dollar 1 (₹ 44.5872 = US Dollar 1 at March 31, 2011).

The Company has incurred expenses aggregating to ₹ 1,223.09 lacs (including ₹ 25.00 lacs paid to auditors) in connection with its issue of 5% Foreign Currency Convertible Bonds. The same was adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

21. Pursuant to filing of the Scheme of Arrangement ("the Scheme") under section 391 to section 394 of the Companies Act, 1956, which was approved by the Hon'ble High Court of Delhi vide its order dated April 4, 2011, Sunrise Medicare Private Limited ('SMPL' and an associate of the Company) was demerged into Hospital and Consultancy Divisions. The Hospital Division of the demerged SMPL entity was merged with one of the subsidiaries of the Company, Escorts Heart and Super Speciality Hospital Limited with effect from April 1, 2010, being the appointed date as per the Scheme and the Company has been allotted 1,392,520 Preference Shares of ₹79 each including premium of ₹ 69 each on May 16, 2011, as consideration in lieu of its shareholding in SMPL. Therefore, during the previous year, the Company has accordingly, reduced the investment in equity shares of SMPL to ₹ 0.31 lacs and has disclosed the remaining investment of ₹ 439.73 lacs, out of its original cost of investment of ₹ 440.04 lacs in equity shares of SMPL towards the preference shares of Escorts Heart and Super Speciality Hospital Limited.
22. Share application money as on March 31, 2011 was received towards employee stock option plan of the Company. 10,800 shares have been issued at ₹71 including premium of ₹61 and 2,000 shares have been issued at ₹77 including premium of ₹67 on April 12, 2012. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.
23. Included in note 4 (xviii) of the financial statements is service tax recoverable of ₹ 520.66 lacs (previous year ₹ 306.82 lacs). As per management, this amount can be adjusted against service tax obligation on certain transactions as per current business plan. Hence, the management doesnot consider any need to make provision against non utilization of this service tax recoverable in these financial statements.
24. The Company is liable to pay Income tax for the year under the provisions of Section 115 JB of the Income Tax Act, 1961. As per the provisions of the Section 115JAA of the Income Tax Act, 1961, MAT credit is available to the Company in subsequent assessment years in respect of the minimum alternate tax paid in current year. Accordingly, MAT credit of ₹4,030.45 lacs (Previous Year ₹ 1,837.32 lacs) has been recognized in the current year.
25. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

	31 March 2012	31 March 2011
	₹ (In Lacs)	₹ (In Lacs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	31 March 2012	31 March 2011
	₹ (In Lacs)	₹ (In Lacs)
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

26. Particulars of Un-hedged Foreign Currency Exposure as at the reporting date:

(₹/USD in lacs)

Particulars	Amount
Import trade payable (US\$)	US\$0.47 lacs (March 31, 2011: US\$ Nil) (₹23.67 lacs (March 31, 2011: ₹Nil))
Deposits with bank (US\$)	US\$Nil (March 31, 2011: US\$45 lacs) (₹Nil (March 31, 2011: ₹2,006.42 lacs))
Foreign Currency Loans	
- Loans taken (US\$)	US\$1,096.69 lacs (March 31, 2011: US\$ 1,043.95 lacs) (₹55,870.73 lacs (March 31, 2011: ₹46,546.74 lacs))
- Loans given (US\$)	US\$874.60 lacs (March 31, 2011: US\$ 886.68 lacs) (₹44,556.33 lacs (March 31, 2011: ₹39,534.49 lacs))

27. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

(₹ in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Subsidiaries				
Hiranandani Healthcare Private Limited	3,662.34	2,027.75	3,662.34	1,367.75
Escorts Heart Institute and Research Centre Limited	54,105.45	10,500.00	7,927.43	486.00
International Hospital Limited	101,224.43	230,831.01	11,930.03	106,116.05
Fortis Hospotel Limited	4,747.94	98,500.00	3,607.07	4,699.94
Fortis Hospitals Limited	23,289.56	17,516.02	14,499.26	17,516.02
Fortis Health Management (North) Limited	96,986.15	-	96,986.15	-
Fortis Healthcare International Limited	42,924.29	39,903.17	42,924.29	39,534.49

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

28. During the year, the Company has capitalised the following expenses of revenue nature to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the company.

	As at March 31, 2012	As at March 31, 2011
	₹ in lacs	₹ in lacs
Opening Balance (A)	209.08	-
Income		
Out patient	1.19	-
(B)	1.19	-
Employee Benefits		
Salaries, wages and bonus	722.45	173.18
Gratuity	0.46	-
Leave encashment	0.59	-
Contribution to provident & other funds	2.76	-
Staff welfare expenses	2.59	-
(C)	728.85	173.18
Other Expenses		
Power, fuel and water	36.06	-
Housekeeping expenses including consumables	33.34	-
Legal & professional fee	0.53	-
Travel and conveyance	4.59	-
Repairs and maintenance - others	2.41	-
Rates and taxes	0.16	-
Rent	694.14	35.90
Printing and stationary	1.47	-
Communication expenses	2.52	-
Miscellaneous expenses	44.51	-
(D)	819.73	35.90
Balance carried forward to capital work in progress (A-B+C+D)	1,756.47	209.08

29. Supplementary Statutory Information

29.1 Expenditure in Foreign Currency (on accrual basis)

(₹ in lacs)

Particulars	2011-12	2010-11
Marketing and business promotion	122.29	41.00
Travel and conveyance	31.09	72.95
Rent	9.77	0.00
Legal and professional fee	35.45	43.93
Communication expenses	0.13	-
Interest	2,560.06	2007.56
Recruitment & Training	17.02	17.78
Total	2,775.81	2183.22

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**29.2 Earnings in Foreign Currency (on accrual basis)** (₹ in lacs)

Particulars	2011-12	2010-11
Earnings in Foreign Currency	118.03	195.12

29.3 Value of imports calculated on CIF basis (₹ in lacs)

Particulars	2011-12	2010-11
Capital goods	441.53	104.35

29.4 Material Consumed (including consumables) (₹ in lacs)

	% of Total Consumption		Value (₹ in lacs)	
	2011-12	2010-11	2011-12	2010-11
Indigenous*	100	100	7,924.63	7,161.00
Imported	-	-	-	-
Total	100	100	7,924.63	7,161.00

* Including consumables of ₹67.84 lacs (Previous Year ₹68.84 lacs) debited to housekeeping expenses.

Note: Material consumption consists of items of various nature and specifications and includes medical consumables, pharmaceuticals etc. Hence, it is not practicable to furnish the item wise details.

30. Previous Year Comparatives

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No.: 91813

Place : Gurgaon
 Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Rahul Ranjan
 Company Secretary

Place : Gurgaon
 Date : May 28, 2012

Shivinder Mohan Singh
 Executive Vice Chairman

Sandeep Puri
 Chief Financial Officer

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2012

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Fortis Hospotel Limited	29,377.02	29,918.16	73,809.88	14,514.70	-	477.97	(1,757.08)	-	(1,757.08)
Fortis Heart Institute and Research Centre Limited	200.03	32,174.17	90,772.28	58,398.07	-	40,829.28	5,486.09	1,335.49	4,150.60
Fortis Hospitals Limited	4,025.06	30,254.07	128,875.18	94,596.05	-	50,754.59	147.77	-	147.77
International Hospital Limited	4,425.12	(233.96)	45,338.09	41,146.93	-	5,487.06	(5,555.26)	(700.32)	(4,834.94)
Fortis Health Management Limited	292.90	4,279.97	71,783.87	67,251.00	-	1,460.27	(61.38)	-	(61.38)
Fortis Health Management (North) Limited	5.00	4,615.81	152,637.90	148,017.09	516.45	53,280.27	6,413.03	1,797.21	4,615.81
Escorts Heart And Super Speciality Institute Limited	2,970.11	2,554.34	6,179.06	654.62	-	1,537.27	625.54	340.92	284.62
Fortis Asia Healthcare Pte Limited	17,328.93	1,835.32	192,093.50	172,929.25	-	300.90	1,858.68	1.38	1,857.30
Kanishka Healthcare Limited	21.94	12,374.70	38,284.45	25,888.41	-	1,003.95	(31.55)	-	(31.55)
Escorts Hospital And Research Centre Limited	2,200.00	6,966.31	9,522.08	355.77	-	1,743.01	219.78	88.20	131.59
Fortis C-Doc Healthcare Limited	120.44	334.78	1,607.47	1,152.26	-	303.21	4.43	-	4.43
Escorts Heart And Super Speciality Hospital Limited	1,794.52	1,259.72	11,047.91	7,993.67	-	3,014.93	599.23	-	599.23
Fortis Healthcare International Limited	14,155.67	(3,421.50)	55,329.13	44,594.96	1,577.84	2,434.22	371.79	-	371.79
Fortis Global Healthcare (Mauritius) Limited	1,025.35	6,831.63	59,762.13	51,905.16	-	2,366.78	526.46	-	526.46
Lalitha Healthcare Private Limited	81.16	(221.94)	3,309.73	3,450.51	0.25	1,723.69	(151.69)	-	(151.69)
Fortis Global Healthcare Infrastructure Pte Limited	0.04	(1,112.40)	8,197.13	9,309.49	-	25.24	(289.27)	-	(289.27)
Fortis Malar Hospitals Limited	1,860.95	1,497.02	11,816.39	8,458.42	-	9,602.58	1,074.09	302.98	771.11
Malar Star Medicare Limited	5.00	6.46	6,610.44	6,598.98	-	144.41	6.99	2.16	4.83
Fortis Health Staff Limited	490.00	(1,479.01)	207.45	1,196.47	121.12	37.74	(52.50)	-	(52.50)
Fortis Health Management (West) Limited	5.00	(17.68)	124.14	136.82	-	-	(17.68)	-	(17.68)
Fortis Health Management (South) Limited	5.00	(3.92)	1,029.79	1,028.71	205.80	3.84	(3.92)	-	(3.92)
Fortis Health Management (East) Limited	5.00	(7.87)	4.22	7.09	-	-	(7.87)	-	(7.87)
Hiranandani Healthcare Private Limited	400.00	(3,089.54)	8,186.90	10,876.44	-	5,576.89	(353.83)	-	(353.83)
Super Religare Laboratories Limited	6,979.69	40,069.96	83,407.77	96,358.12	150.00	90,894.00	(1,339.64)	-	(1,339.64)
SRL Diagnostics Private Limited	395.82	(4,110.96)	22,523.52	26,238.66	1,175.88	23,816.18	(1,771.49)	33.09	(1,804.58)
Religare Healthcare Trust	1.17	(600.51)	1,091.84	1,691.17	-	-	(545.29)	-	(545.29)
Fortis Healthcare International Pte. Limited	141,231.49	(23,641.36)	362,729.66	245,139.52	19,762.82	-	245.73	35.78	209.95
Fortis Healthcare Australia Pty Ltd	0.05	2,567.37	142,244.24	139,676.82	-	-	2,561.26	-	2,561.26
Dental Corporation Holdings Limited	143,721.91	12,587.19	266,974.10	110,665.59	-	36,089.98	1,432.26	(412.81)	1,019.45
Dental Corporation Pty Limited	143,721.12	4,794.16	241,802.65	93,287.37	-	32,431.89	1,042.12	362.34	679.78
Close Dental Pty Limited	-	0.00	-	-	-	-	-	-	-
Craig Duval Dental Pty Limited	-	0.05	-	-	-	-	-	-	-
D C Holdings WA Pty Ltd	-	0.00	-	-	-	-	-	-	-
Dental Care Network Pty Limited	-	0.00	-	-	-	-	-	-	-
Dental Corporation (NZ) Limited	6,539.76	603.04	14,151.65	7,008.85	-	2,252.73	168.49	51.76	116.73
David Cox Dental Pty Limited	-	-	0.00	-	-	-	-	-	-
Prime Dental Pty limited	-	-	0.00	-	-	-	-	-	-
Hazel Ridge Pty Limited	-	-	0.00	-	-	-	-	-	-
John M Levas Pty Limited	113.83	-	113.83	-	-	-	-	-	-
Scot Petrie Dental Pty Limited	-	-	0.00	-	-	-	-	-	-
Dental Corporation of Canada Holdings Inc.	8,582.90	128.13	15,555.46	6,884.43	-	393.05	63.34	(1.58)	64.92

(₹ in lacs)

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2012

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Fortis Healthcare Singapore Pte Ltd	0.04	(718.67)	47,252.30	47,970.93	-	9.83	(699.70)	-	(699.70)
Radlink-Asia Pte Limited (Radlink)	7,425.96	(1,697.20)	6,372.59	643.82	-	96.79	(4.62)	-	(4.62)
Drs Thompson & Thompson (Radlink Medicare) Pte Limited	0.04	152.29	311.47	159.15	-	133.08	23.40	-	23.40
Radlink Medicare (Bishan) Pte Limited	141.97	(124.79)	30.32	13.14	-	32.92	4.74	-	4.74
Radlink Medicare (Woodlands) Pte Limited	182.53	(156.79)	39.36	13.62	-	29.39	0.15	-	0.15
Radlink Medicare (Tampines) Pte Limited	40.56	45.11	113.19	27.52	-	56.51	9.96	-	9.96
Radlink Medicare (Jurong East) Pte Limited	0.00	(938.78)	3.73	342.51	-	-	(0.32)	-	(0.32)
Clinic 1866 Pte Limited	40.56	(13.75)	27.62	0.81	-	-	-	-	-
Radlink Diagnostic Imaging (s) Pte Limited	1,194.18	3,176.16	9,585.54	5,215.20	-	1,157.75	431.21	-	431.21
Drs Lim Hoe & Wong Radiology Pte Limited	133.85	24.78	341.31	182.68	-	122.10	19.12	-	19.12
Healthcare Diagnostic Services Pte Limited	0.04	20.19	21.77	1.54	-	-	(0.01)	-	(0.01)
Radlink Women & Fetal Imaging Centre Pte Limited	0.00	144.74	190.31	45.56	-	45.52	12.09	-	12.09
Radlink Pet & Cardiac Imaging Centre Pte Limited	0.00	(1,606.93)	1,858.41	3,465.34	-	437.97	44.47	-	44.47
Singapore Radiopharmaceutical Als Pte Limited	40.56	(2,450.91)	4,225.19	6,635.53	-	172.51	(93.66)	-	(93.66)
Sinapore Molecular Therapy Centre Pte Limited	0.00	(30.33)	4.40	34.73	-	-	(0.39)	-	(0.39)
Altai Investments Limited	0.07	78,932.88	106,274.75	27,341.80	-	-	(306.68)	-	(306.68)
Quality HealthCare Limited	393.96	14,322.97	24,144.89	9,427.96	-	-	(0.24)	(0.04)	(0.20)
Quality HealthCare Hong Kong Limited	0.00	(469.30)	-	469.30	-	-	-	-	-
Green Apple Associates Limited	0.05	8,164.74	8,164.78	0.00	-	-	-	-	-
Quality HealthCare Medical Services Limited	0.00	7,446.19	33,741.33	26,295.15	-	8,503.75	544.18	89.92	454.96
Fortis HealthCare Hong Kong Limited	0.00	6,632.42	24,044.84	17,412.42	-	-	(79.47)	(13.11)	(66.36)
Quality Healthcare Medical Services (Macau) Limited	1.64	-	1.64	-	-	-	-	-	-
Quality HealthCare Chinese Medicine Limited	0.01	(196.51)	171.41	367.91	-	-	(0.27)	-	(0.27)
Marvellous Way Limited	0.00	(227.02)	794.22	1,021.24	-	184.01	27.87	-	27.87
Universal Lane Limited	0.01	(11.12)	0.00	11.11	-	-	(0.31)	(0.05)	(0.26)
DB Health Services Limited	0.00	972.91	1,352.08	379.17	-	366.71	25.50	4.21	21.29
Quality HealthCare Medical Centre Limited	0.09	12,330.83	30,053.38	17,722.47	-	5,130.11	170.13	28.07	142.06
Quality HealthCare Professional Services Limited	0.00	(43.23)	7,489.41	7,532.64	-	2,334.07	-	-	-
SmartLab Limited	0.00	(129.05)	8.70	137.75	-	-	(0.10)	(0.02)	(0.08)
Allied Medical Practices Guild Limited	0.00	1,756.67	4,872.52	3,115.85	-	1,029.42	42.78	7.06	35.72
Healthcare Clinic and Surgery Pte. Limited	0.00	(81.21)	8.32	89.53	-	-	-	-	-
Great Option Limited	0.00	(82.10)	1,776.28	1,858.39	-	422.55	67.89	-	67.89
Healthcare Opportunities Limited	0.00	(28.41)	-	28.41	-	-	(0.31)	(0.05)	(0.26)
TCM Products Limited	0.00	(15.01)	1,438.40	1,453.41	-	-	(0.31)	(0.05)	(0.26)
GHC Holdings Limited	0.66	54.81	57.86	2.40	-	-	(0.99)	-	(0.99)
CASE Specialist Limited	0.66	(1,284.71)	1,277.70	2,561.75	-	516.83	(188.32)	-	(188.32)
Jadeast Limited	0.66	70.56	622.59	551.97	-	182.72	20.66	3.41	17.25
Jadefairs International Limited	0.66	360.64	1,781.09	1,419.80	-	235.24	46.12	7.61	38.51
Jadway International Limited	0.00	20.41	191.37	170.96	-	73.73	16.35	2.70	13.66
Megafaith International Limited	0.66	(76.36)	2,535.46	2,611.16	-	-	(0.53)	-	(0.53)

(₹ in lacs)

ABSTRACTS OF FINANCIALS OF SUBSIDIARY COMPANIES AS AT MARCH 31, 2012

Name of the Subsidiary Company	Capital	Reserves & Surplus (adjusted for debit balance of profit & loss account)	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiaries)	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation
Jadison Investment Limited	0.66	393.96	978.95	584.33	-	219.62	72.51	10.85	61.66
Berkshire Group Limited	0.00	1,875.58	2,225.30	349.72	-	714.28	53.42	8.81	44.61
Central Medical Diagnostic Centre Limited	0.66	871.87	1,320.78	448.25	-	432.98	(1.18)	-	(1.18)
Central MRI Centre Limited	0.07	304.06	403.05	98.93	-	172.27	39.60	6.34	33.26
Central Medical Laboratory Limited	0.07	(44.42)	49.04	93.40	-	41.89	(9.83)	-	(9.83)
Central PET/CT Scan Limited	0.01	(278.31)	533.28	811.59	-	69.25	(28.72)	-	(28.72)
Portex Limited	65.66	37.50	104.63	1.47	-	-	(0.28)	(0.05)	(0.23)
Quality HealthCare Services Limited	0.00	482.39	485.44	3.05	-	-	(0.49)	-	(0.49)
Quality HealthCare Psychological Services Limited	0.00	(160.89)	40.53	201.42	-	11.84	(11.78)	-	(11.78)
Quality EAP (Macau) Limited	1.64	66.01	70.02	2.36	-	10.24	5.47	-	5.47
Quality HealthCare Dental Services Ltd	0.07	896.75	1,562.55	665.73	-	895.55	98.10	16.19	81.92
Quality HealthCare Physiotherapy Services Limited	0.07	(21.32)	1,559.16	1,580.41	-	448.92	(4.38)	1.92	(6.30)
Quality HealthCare Nursing Agency Limited	0.66	1,031.55	1,569.90	537.69	-	950.64	74.89	12.36	62.53
Dynamic People Group Limited	0.00	447.67	895.49	447.82	-	196.09	(4.43)	6.89	(11.32)
Mena Healthcare Investment Company Limited	15.50	(659.58)	25.46	669.54	-	-	(7.47)	-	(7.47)
Super Religare Laboratories International FZ LLC	41.63	(5,075.08)	2,600.39	7,633.84	-	1,246.03	(1,408.10)	-	(1,408.10)
Medical Management Company Limited	25.46	580.48	692.62	86.68	-	-	(4.73)	-	(4.73)
Swindon Limited	5.10	-	5.10	-	-	-	-	-	-
VOF PE Holding2 Limited	5,149.16	1,021.55	6,170.71	-	-	-	111.77	-	111.77
Hoan My Corporation	5,311.42	1,295.67	12,801.67	6,194.58	400.34	137.43	(70.59)	-	(70.59)
Hoan My Sai Gon General Hospital Joint Stock Company	2,110.89	3,403.01	18,419.31	12,905.41	-	2,654.91	197.57	16.82	180.75
Hoan My District 3 Poly Clinic Company Limited	487.95	(382.13)	821.12	715.29	-	31.90	(40.71)	-	(40.71)
Hue Medical Investment Joint Stock Company	1,438.34	(701.93)	1,401.42	665.02	-	18.25	(127.20)	-	(127.20)
Hoan My Da Nang General Hospital Joint Stock Company	1,804.16	1,598.62	5,129.82	1,727.05	-	1,221.53	154.90	(3.45)	158.34
Hoan My Cuu Long General Hospital Joint Stock Company	765.45	1,666.22	6,127.00	3,695.34	-	1,144.64	287.25	12.47	274.78
Hoan My Da Lat General Hospital Joint Stock Company	231.20	(598.87)	3,011.62	3,379.29	-	326.18	13.82	-	13.82

Note : 0.00 denotes amount rounded off in lacs.

For and on behalf of the Board of Directors

Malvinder Mohan Singh Executive Chairman	Shivinder Mohan Singh Executive Vice Chairman
Rahul Ranjan Company Secretary	Sandeep Puri Chief Financial Officer

Date : May 28, 2012
Place : Gurgaon

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which Accounts Relate	Holding Company's interest as at close of Financial Year of Subsidiary Company		Reporting Currency	Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are not dealt within the Company's Account		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are dealt within the Company's Account		Holding Company's interest as at 31/03/2012 incorporating Changes Since Close of Financial year/ Period of Subsidiary Company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (₹ in Lacs)	For the Previous Financial year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	For the Previous Financial year (₹ in Lacs)	
Fortis Hospital Limited	31/03/2012	293,770,160	100.00	INR	(1,757.08)	(848.04)	-	-	
Escorts Heart Institute and Research Centre Limited	31/03/2012	2,000,310	100.00	INR	4,150.60	2,997.88	-	-	
Fortis Hospitals Limited	31/03/2012	40,250,577	100.00	INR	147.77	(4,631.05)	-	-	
International Hospital Limited	31/03/2012	4,425,123	100.00	INR	(4,834.94)	2,561.29	-	-	
Fortis Health Management Limited	31/03/2012	2,500,000	100.00	INR	(61.38)	(21.38)	-	-	
Fortis Health Management (North) Limited	31/03/2012	50,000	100.00	INR	4,615.81	-	-	-	
Escorts Heart And Super Speciality Institute Limited	31/03/2012	29,701,050	100.00	INR	284.62	1,466.83	-	-	
Fortis Asia Healthcare Pte Limited	31/03/2012	32,722,596	100.00	SGD	1,835.32	(16.88)	-	-	
Kanishka Healthcare Limited	31/03/2012	21,398	100.00	INR	(31.55)	2.08	-	-	
Escorts Hospital And Research Centre Limited	31/03/2012	22,000,000	100.00	INR	131.59	(431.83)	-	-	
Fortis C-Doc Healthcare Limited	31/03/2012	722,622	60.00	INR	1.59	(18.58)	-	-	
Escorts Heart And Super Speciality Hospital Limited	31/03/2012	12,990,000	100.00	INR	599.23	812.91	-	-	
Fortis Healthcare International Limited	31/03/2012	9,856,000	100.00	MUR	371.79	(4,731.99)	-	-	
Fortis Global Healthcare (Mauritius) Limited	31/03/2012	2,292,590	100.00	USD	595.46	10,443.55	-	-	
Lalitha Healthcare Private Limited	31/03/2012	545,624	67.23	INR	(68.56)	(93.37)	-	-	
Fortis Global Healthcare Infrastructure Pte Limited	31/03/2012	100	100.00	SGD	(289.27)	(2.31)	-	-	
Fortis Malar Hospitals Limited	31/03/2012	11,752,402	63.20	INR	308.00	271.59	-	-	
Malabar Star Medicare Limited	31/03/2012	50,000	63.20	INR	1.93	0.67	-	-	
Fortis Health Staff Limited	31/03/2012	1,440,000	29.00	INR	(4.42)	(0.24)	-	-	
Fortis Health Management (West) Limited	31/03/2012	50,000	100.00	INR	(17.68)	-	-	-	
Fortis Health Management (South) Limited	31/03/2012	50,000	100.00	INR	(3.92)	-	-	-	
Fortis Health Management (East) Limited	31/03/2012	50,000	100.00	INR	(7.87)	-	-	-	
Hiranandani Healthcare Private Limited	31/03/2012	4,000,000	85.00	INR	(255.64)	-	-	-	
Super Religare Laboratories Limited	31/03/2012	42,749,217	71.49	INR	(684.67)	-	-	-	
SRL Diagnostics Private Limited	31/03/2012	2,829,717	71.49	INR	(922.29)	-	-	-	
Religare Healthcare Trust	31/03/2012	3,100	100.00	SGD	(545.29)	-	-	-	
Fortis Healthcare International Pte. Limited	31/03/2012	348,191,000	100.00	SGD	209.95	-	-	-	
Fortis Healthcare Australia Pty Ltd	31/03/2012	100	100.00	AUD	2,561.26	-	-	-	
Dental Corporation Holdings Limited	31/03/2012	115,202,323	64.13	AUD	653.77	-	-	-	
Dental Corporation Pty Limited	31/03/2012	7,500,000	100.00	AUD	679.78	-	-	-	
Close Dental Pty Limited	31/03/2012	2	100.00	AUD	-	-	-	-	
Craig Duval Dental Pty Limited	31/03/2012	100	100.00	AUD	-	-	-	-	
D C Holdings WA Pty Ltd	31/03/2012	2	100.00	AUD	-	-	-	-	
Dental Care Network Pty Limited	31/03/2012	2	100.00	AUD	-	-	-	-	
Dental Corporation (NZ) Limited	31/03/2012	16,493,794	100.00	AUD	116.73	-	-	-	
David Cox Dental Pty Limited	31/03/2012	2	100.00	AUD	-	-	-	-	
Prime Dental Pty limited	31/03/2012	2	100.00	AUD	-	-	-	-	
Hazel Ridge Pty Limited	31/03/2012	2	100.00	AUD	-	-	-	-	
John M Levas Pty Limited	31/03/2012	1	100.00	AUD	-	-	-	-	
Scot Petrie Dental Pty Limited	31/03/2012	4	100.00	AUD	-	-	-	-	

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which Accounts Relate	Holding Company's interest as at close of Financial Year of Subsidiary Company		Reporting Currency	Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are not dealt within the Company's Account		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are dealt within the Company's Account		Holding Company's interest as at 31/03/2012 incorporating Changes Since Close of Financial year/ Period of Subsidiary Company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (₹ in Lacs)	For the Previous Financial year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	For the Previous Financial year (₹ in Lacs)	
Dental Corporation of Canada Holdings Inc.	31/03/2012	7,309,264	29.00	AUD	18.83	-	-	-	
Fortis Healthcare Singapore Pte Ltd	31/03/2012	100	100.00	SGD	(699.70)	-	-	-	
Radlink-Asia Pte Limited (Radlink)	31/03/2012	24,974,769	85.00	SGD	(3.93)	-	-	-	
Drs Thompson & Thompson (Radlink Medicare) Pte Limited	31/03/2012	72	72.25	SGD	16.91	-	-	-	
Radlink Medicare (Bishan) Pte Limited	31/03/2012	208,250	59.50	SGD	2.82	-	-	-	
Radlink Medicare (Woodlands) Pte Limited	31/03/2012	267,750	59.50	SGD	0.09	-	-	-	
Radlink Medicare (Tampines) Pte Limited	31/03/2012	85,000	85.00	SGD	8.46	-	-	-	
Radlink Medicare (Jurong East) Pte Limited	31/03/2012	3	85.00	SGD	(0.27)	-	-	-	
Clinic 1866 Pte Limited	31/03/2012	85,000	85.00	SGD	-	-	-	-	
Radlink Diagnostic Imaging (s) Pte Limited	31/03/2012	10,009,977	85.00	SGD	366.53	-	-	-	
Dis Lim Hoe & Wong Radiology Pte limited	31/03/2012	280,500	85.00	SGD	16.25	-	-	-	
Healthcare Diagnostic Services Pte Limited	31/03/2012	85	85.00	SGD	(0.01)	-	-	-	
Radlink Women & Fetal Imaging Centre Pte Limited	31/03/2012	2	85.00	SGD	10.27	-	-	-	
Radlink Pet & Cardiac Imaging Centre Pte Limited	31/03/2012	2	85.00	SGD	37.80	-	-	-	
Singapore Radiopharmaceutic Als Pte Limited	31/03/2012	85,000	85.00	SGD	(79.61)	-	-	-	
Singapore Molecular Therapy Centre Pte Limited	31/03/2012	2	85.00	SGD	(0.33)	-	-	-	
Altai Investments Limited	31/03/2012	1,000	100.00	HKD	(306.68)	-	-	-	
Quality HealthCare Limited	31/03/2012	6,000,001	100.00	HKD	(0.20)	-	-	-	
Quality HealthCare Hong Kong Limited	31/03/2012	2	100.00	HKD	-	-	-	-	
Green Apple Associates Limited	31/03/2012	702	100.00	HKD	-	-	-	-	
Quality HealthCare Medical Services Limited	31/03/2012	2	100.00	HKD	454.26	-	-	-	
Fortis HealthCare Hong Kong Limited	31/03/2012	3	100.00	HKD	(66.36)	-	-	-	
Quality Healthcare Medical Services (Macau) Limited	31/03/2012	25,000	100.00	HKD	-	-	-	-	
Quality HealthCare Chinese Medicine Limited	31/03/2012	100	100.00	HKD	(0.27)	-	-	-	
Marvellous Way Limited	31/03/2012	10	100.00	HKD	27.87	-	-	-	
Universal Lane Limited	31/03/2012	155	100.00	HKD	(0.26)	-	-	-	
DB Health Services Limited	31/03/2012	2	100.00	HKD	21.29	-	-	-	
Quality HealthCare Medical Centre Limited	31/03/2012	1,900	100.00	HKD	142.06	-	-	-	
Quality HealthCare Professional Services Limited	31/03/2012	2	100.00	HKD	-	-	-	-	
SmartLab Limited	31/03/2012	10	100.00	HKD	(0.08)	-	-	-	
Allied Medical Practices Guild Limited	31/03/2012	2	100.00	HKD	35.72	-	-	-	
Healthcare Clinic and Surgery Pte. Limited	31/03/2012	2	85.00	HKD	-	-	-	-	
Great Option Limited	31/03/2012	1	100.00	HKD	67.89	-	-	-	
Healthcare Opportunities Limited	31/03/2012	64	100.00	HKD	(0.26)	-	-	-	
TCM Products Limited	31/03/2012	8	100.00	HKD	(0.26)	-	-	-	
GHC Holdings Limited	31/03/2012	10,000	100.00	HKD	(0.99)	-	-	-	
CASE Specialist Limited	31/03/2012	10,000	100.00	HKD	(188.92)	-	-	-	
Jadeast Limited	31/03/2012	10,000	100.00	HKD	17.25	-	-	-	

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year to which Accounts Relate	Holding Company's interest as at close of Financial Year of Subsidiary Company		Reporting Currency	Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are not dealt within the Company's Account		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far as it concerns Members of Holding Company which are dealt within the Company's Account		Holding Company's interest as at 31/03/2012 incorporating Changes Since Close of Financial year/ Period of Subsidiary Company
		(i) Shareholding (No. of Shares)	(ii) Extent of holding %		For the Current Financial Year (₹ in Lacs)	For the Previous Financial year (₹ in Lacs)	For the Current Financial Year (₹ in Lacs)	For the Previous Financial year (₹ in Lacs)	
Jadefairs International Limited	31/03/2012	10,000	100.00	HKD	38.51	-	-	-	
Jadway International Limited	31/03/2012	2	100.00	HKD	13.66	-	-	-	
Megafaith International Limited	31/03/2012	10,000	100.00	HKD	(0.53)	-	-	-	
Jadson Investment Limited	31/03/2012	10,000	100.00	HKD	61.66	-	-	-	
Berkshire Group Limited	31/03/2012	8	100.00	HKD	44.61	-	-	-	
Central Medical Diagnostic Centre Limited	31/03/2012	10,000	70.00	HKD	(0.82)	-	-	-	
Central MRI Centre Limited	31/03/2012	1,000	70.00	HKD	23.28	-	-	-	
Central Medical Laboratory Limited	31/03/2012	1,000	70.00	HKD	(6.88)	-	-	-	
Central PET/CT Scan Limited	31/03/2012	100	70.00	HKD	(40.11)	-	-	-	
Portex Limited	31/03/2012	1,000,000	100.00	HKD	(0.23)	-	-	-	
Quality HealthCare Services Limited	31/03/2012	24	100.00	HKD	(0.49)	-	-	-	
Quality HealthCare Psychological Services Limited	31/03/2012	1	100.00	HKD	(11.78)	-	-	-	
Quality EAP (Macau) Limited	31/03/2012	25,000	100.00	HKD	5.47	-	-	-	
Quality HealthCare Dental Services Ltd	31/03/2012	1,000	100.00	HKD	81.92	-	-	-	
Quality HealthCare Physiotherapy Services Limited	31/03/2012	1,000	100.00	HKD	(6.30)	-	-	-	
Quality HealthCare Nursing Agency Limited	31/03/2012	10,000	100.00	HKD	62.53	-	-	-	
Dynamic People Group Limited	31/03/2012	8	100.00	HKD	(11.32)	-	-	-	
Mena Healthcare Investment Company Limited	31/03/2012	10,042,966	83.00	AED	(6.20)	-	-	-	
Super Religare Laboratories International FZ LLC	31/03/2012	300	100.00	AED	(1,408.10)	-	-	-	
Medical Management Company Limited	31/03/2012	183,500	100.00	AED	(4.73)	-	-	-	
Swindon Limited	31/03/2012	7,813	78.13	VND	-	-	-	-	
VOF PE Holding2 Limited	31/03/2012	39,066	78.13	VND	87.33	-	-	-	
Hoan My Corporation	31/03/2012	13,358,813	61.21	VND	(43.21)	-	-	-	
Hoan My Sai Gon General Hospital Joint Stock Company	31/03/2012	5,309,111	61.21	VND	110.64	-	-	-	
Hoan My District 3 Poly Clinic Company Limited	31/03/2012	860,732	51.41	VND	(40.93)	-	-	-	
Hue Medical Investment Joint Stock Company	31/03/2012	3,617,572	61.21	VND	(77.86)	-	-	-	
Hoan My Da Nang General Hospital Joint Stock Company	31/03/2012	1,930,730	39.79	VND	63.01	-	-	-	
Hoan My Cuu Long General Hospital Joint Stock Company	31/03/2012	1,531,792	54.48	VND	149.70	-	-	-	
Hoan My Da Lat General Hospital Joint Stock Company	31/03/2012	441,975	53.25	VND	7.36	-	-	-	

For and on behalf of the Board of Directors

Malvinder Mohan Singh
Executive ChairmanShivinder Mohan Singh
Executive Vice ChairmanRahul Ranjan
Company SecretarySandeep Puri
Chief Financial OfficerDate : May 28, 2012
Place : Gurgaon

Auditors' Report

Auditors' Report to the Board of Directors of Fortis Healthcare Limited on the Consolidated Financial Statements of Fortis Healthcare Limited, its Subsidiaries, Joint Ventures and Associates

1. We have audited the attached consolidated balance sheet of Fortis Healthcare Limited ("FHL" or the "Company"), its subsidiaries, joint ventures and associates (collectively, the "Fortis Group") as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) We did not audit the financial statements of certain overseas subsidiaries whose financial statements, prepared under International Financial Reporting Standards ('IFRS') or Singapore Financial Reporting Standards ('SFRS'), in the aggregate reflect total assets, revenues, and net cash inflows of ₹ 1,162,831.36 lacs, ₹ 68,249.64 lacs, and ₹ 14,873.54 lacs, respectively. We also did not audit the financial statements of certain overseas associates whose financial statements, prepared

under IFRS, in the aggregate reflect total profits of ₹ 408.95 lacs. The financial statements of these subsidiaries and associates have been prepared in accordance with accounting policies generally accepted as per IFRS or SFRS and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries and associates to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis.

- b) We did not audit the financial statements of certain subsidiaries, whose financial statements prepared under the generally accepted accounting principles accepted in India, reflect total assets of ₹ 997,367.19 lacs as at March 31, 2012, the total revenue of ₹ 123,407.64 lacs and net cash inflows amounting to ₹ 8,761.02 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- c) We did not audit the financial statements of certain joint ventures, whose financial statements reflect total assets of ₹ 2,130.90 lacs as at March 31, 2012, the total revenue of ₹ 2,117.07 lacs and net cash inflows amounting to ₹ 69.03 lacs for the year then ended, being the proportionate share of

Fortis Group, for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

- d) We did not audit the financial statements of certain associates, whose financial statements reflect net profit of ₹ 408.95 lacs, being the proportionate share of Fortis Group, for the year ended March 31, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- 4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 27, Financial Reporting of Interests in Joint Ventures and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- 5. Without qualifying our opinion, we draw attention to note 30 of financial statements, regarding the assessment of recoverability of Minimum Alternate Tax (MAT) credit for ₹ 1,046.27 lacs. The management has explained to us that, as part of its restructuring plan, Company has sold certain business undertakings comprising of Hospital Operations and Management, In Patient health services and emergency healthcare services to another fellow subsidiary. The arrangements of the manner in which revenue would arise to transferor companies from the transferee company are in process of being finalized. Till such time, no adjustment has been recorded towards on MAT credit recoverable in the Company.
- 6. Without qualifying our opinion, we draw attention to the note no 19 of financial statements regarding non-provision of proportionate premium on redemption of

US Dollar 100,000,000 5% Foreign Currency Convertible Bonds due 2015 amounting to ₹ 603 lacs. The same has been disclosed as a contingent liability. Management has represented that the redemption premium will be offset against the securities premium account and accordingly, no adjustments have been considered in the accounts.

7. (a). *The Delhi Development Authority ('DDA') had terminated the leases of certain land allotted by it to a society (later converted into the company) and then issued eviction notices to Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) for vacation of these lands. The subsidiary company is in appeal against these actions by DDA which is pending with the court of law and has accordingly not made any adjustments to the carrying value of these lands or to the other assets, as the eventual outcome cannot be estimated presently.*
- (b). *Certain tax demands aggregating to ₹ 9,208.28 lacs (without considering the demand of ₹ 10,101.10 lacs raised twice in respect of certain years and after adjusting ₹ 13,760.88 lacs for which the Escorts Heart Institute and Research Centre Limited (a subsidiary of the Company) has a legal right to claim from erstwhile promoters as discussed in detail in note 12 of financial statements) raised on the subsidiary company by the Income Tax Authorities are pending in appeals and the eventual outcome of the above matters cannot presently be estimated.*

Accordingly, we are unable to express an opinion at this stage in respect of these matters reported in paragraphs (a) and (b) above and their consequential effect, if any, on the financial statements. The same were also the subject matter of qualification by us in the previous years as well.

8. *Subject to our comments in paragraphs 7(a) and (b) above and based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Fortis Group as at March 31, 2012;
- (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

per Pankaj Chadha

Partner

Membership No.: 91813

Place: Gurgaon

Date: May 28, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Notes	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4 (i)	40,950.61	40,942.99
Share suspense account (refer note 27)		-	306.25
Reserves and surplus	4 (ii)	284,437.37	287,885.58
		<u>325,387.98</u>	<u>329,134.82</u>
Share application money pending allotment (refer note 33)		-	9.21
Minority interest		83,083.54	3,035.99
Non-current liabilities			
Long-term borrowings	4 (iii)	367,329.71	93,359.42
Deferred tax liabilities (net)	4 (iv)	856.59	863.26
Other long term liabilities	4 (v)	11,545.18	3,645.56
Long term provisions	4 (vi)	3,221.48	1,839.49
Foreign currency monetary item translation difference account		395.20	-
		<u>383,348.16</u>	<u>99,707.73</u>
Current liabilities			
Short-term borrowings	4 (vii)	283,597.69	5,114.57
Trade payables	4 (viii)	77,303.76	16,907.28
Other current liabilities	4 (ix)	84,316.25	21,899.70
Short-term provisions	4 (x)	5,893.43	1,577.57
		<u>451,111.13</u>	<u>45,499.12</u>
TOTAL		<u>1,242,930.81</u>	<u>477,386.87</u>
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	4 (xi) (a)	254,276.63	153,101.65
Intangible assets	4 (xi) (b)	663,747.61	99,273.99
Capital work in progress		56,751.88	25,823.19
Intangible assets under development		106.06	-
Non-current investments	4 (xii)	23,478.86	3,578.38
Foreign currency monetary item translation difference account		153.77	-
Deferred tax assets (net)	4 (iv)	5,020.61	1,442.50
Long term loans and advances	4 (xiii)	29,081.56	49,819.47
Other non-current assets	4 (xiv)	16,952.14	4,676.89
		<u>1,049,569.12</u>	<u>337,716.07</u>
Current assets			
Current investments	4 (xv)	637.82	6,246.89
Inventories	4 (xvi)	7,991.57	2,633.43
Trade receivables	4 (xvii)	54,667.21	19,401.08
Cash and bank balances	4 (xviii)	41,491.00	16,326.56
Short term loans and advances	4 (xix)	78,153.10	91,872.41
Other current assets	4 (xx)	10,420.99	3,190.43
		<u>193,361.69</u>	<u>139,670.80</u>
TOTAL		<u>1,242,930.81</u>	<u>477,386.87</u>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per **Pankaj Chadha**
Partner
 Membership No.: 91813

Place : Gurgaon
 Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Rahul Ranjan
 Company Secretary

Place : Gurgaon
 Date : May 28, 2012

Shivinder Mohan Singh
 Executive Vice Chairman

Sandeep Puri
 Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
INCOME			
Revenue from operations	4 (xxi)	298,403.72	149,579.06
Other income	4 (xxii)	17,731.37	10,063.45
Exceptional items	4 (xxviii)	632.85	34,554.29
Total revenue		316,767.94	194,196.80
EXPENDITURE			
Purchase of medical consumables and drugs		67,696.43	39,479.53
Increase in inventories of medical consumables and drugs	4 (xxiii)	(965.01)	(210.44)
Employee benefits expense	4 (xxiv)	73,816.46	27,281.38
Other expenses	4 (xxv)	117,524.77	77,044.02
Total expenses		258,072.65	143,594.49
Earnings before interest, tax, depreciation and amortization (EBITDA)		58,695.29	50,602.31
Finance costs	4 (xxvi)	29,697.37	24,999.70
Profit before tax, depreciation and amortization		28,997.92	25,602.61
Depreciation and amortization expense	4 (xxvii)	18,362.24	10,612.30
Less: recoupment from revaluation reserve		140.35	163.07
Net Depreciation and amortization expense		18,221.89	10,449.23
Profit before tax		10,776.03	15,153.38
Tax expenses			
Current tax (including MAT payable)		8,673.66	1,665.65
Less: MAT credit entitlement		4,336.80	764.93
Net current tax expense		4,336.86	900.72
Deferred tax charge/ (credit)		(252.26)	623.15
Total tax expense		4,084.60	1,523.87
Profit after tax and before minority interest and share in profits/ (losses) of associate companies		6,691.43	13,629.51
(Profits)/ losses attributable to Minority Interest		397.98	(442.27)
Share in current year profits/ (losses) of Associate Companies		132.74	(751.00)
Profit for the year		7,222.15	12,436.24
Earnings Per Share (EPS)	4 (xxix)		
Basic and Diluted [Nominal value of shares ₹ 10/- each]		1.78	3.23
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No.: 91813

Place : Gurgaon
 Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Rahul Ranjan
 Company Secretary

Place : Gurgaon
 Date : May 28, 2012

Shivinder Mohan Singh
 Executive Vice Chairman

Sandeep Puri
 Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
A. Cash flow from operating activities		
Net profit/ (loss) before tax and exceptional items	10,673.90	(20,594.05)
Adjustments for:		
Depreciation and Amortization	18,221.89	10,449.23
Loss on sale of fixed assets	382.27	217.10
Profit on sale of investments	(218.90)	(1,474.84)
Provision for doubtful debts	1,773.70	2,021.85
Provision for doubtful advances	112.76	3.00
Provision for contingencies	20.60	48.00
Bad debts/ sundry balances written off	563.56	167.46
Arrangement fees written off	72.37	6,354.41
Foreign exchange fluctuation gain	(2,606.09)	(2,101.51)
Unclaimed balances and excess provisions written back	(202.39)	(525.65)
Wealth tax	15.42	19.01
Interest income	(9,513.70)	(8,463.44)
Interest expense	25,708.12	15,423.84
Profits/ (losses) transferred to Minority Interest	(397.98)	442.27
Share in (profits)/ losses of associate companies	(132.74)	751.00
Operating profit before working capital changes	44,472.79	2,737.68
Movements in working capital :		
Increase in trade receivables	(2,522.20)	(6,175.32)
Increase in inventories	(968.73)	(250.87)
(Increase)/ decrease in loans and advances	(15,918.46)	459.80
Increase in other assets	(492.76)	(512.28)
Increase in liabilities and provisions	15,315.66	3,052.84
Cash generated from / (used in) operations	39,886.29	(688.14)
Direct taxes paid	(10,730.30)	(7,493.20)
Net cash from/ (used in) operating activities (A)	29,156.00	(8,181.35)
B. Cash flows from investing activities		
Purchase of fixed assets	(56,996.38)	(35,360.43)
Proceeds from sale of fixed assets	3,013.91	140.79
Fixed deposits with banks (net)	(541.73)	373.61
Deposits with bodies corporate and others (net)	69,789.04	(124,636.43)
Purchase of investments in subsidiaries and associates	(119,878.13)	(1,834.56)
(Purchase)/ proceeds of investments in mutual funds	5,827.98	5,396.76
Proceeds from sale of investments of subsidiaries and associates	632.85	365,605.28
Interest received	7,987.55	8,076.40
Net cash from/ (used in) investing activities (B)	(90,164.91)	217,761.42
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium (net of issue expenses)	47.42	134,214.42
Proceeds from receipt of share application money (net of refunds)	-	9.21
Proceeds from issuance of foreign currency convertible bonds	-	43,364.11
Redemption of non convertible debentures including premium	-	(29,864.52)
Proceeds from issuance of equity shares of subsidiaries to minorities	-	152.05
Proceeds from long-term borrowings	43,175.74	13,294.38
Repayment of long-term borrowings	(18,788.88)	(277,752.83)
Proceeds/ (repayments) of short-term borrowings (net)	69,790.97	(193,003.24)
Loan arrangement fees paid	(4,789.53)	-
Interest paid	(20,312.52)	(14,399.72)
Net cash from/ (used in) financing activities (C)	69,123.20	(323,986.14)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	8,114.29	(114,406.07)
Total cash and cash equivalents at the beginning of the year	16,062.69	130,459.77
Add: Cash and cash equivalents in respect of subsidiaries acquired/ (disposed off) during the year	18,140.93	8.99
Cash and cash equivalents at the end of the year	42,317.91	16,062.69
Components of cash and cash equivalents:		
Cash in hand	451.73	169.10
Cheques in hand	195.67	205.62
Balances with banks on current and cash credit accounts	38,943.64	8,405.52
Balances with banks on special disbursement account	3.90	3.90
Balances with banks on deposit accounts	1,090.47	7,278.55
Translation effect of cash and cash equivalent	1,632.50	-
Total	42,317.91	16,062.69
Movements in working capital changes are only after giving effects to the assets/liabilities acquired/disposed on account of acquisition/disposal of subsidiaries.		
Summary of significant accounting policies		

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No.: 91813

Place : Gurgaon
 Date : May 28, 2012

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Rahul Ranjan
 Company Secretary

Place : Gurgaon
 Date : May 28, 2012

Shivinder Mohan Singh
 Executive Vice Chairman

Sandeep Puri
 Chief Financial Officer

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. NATURE OF OPERATIONS

Fortis Healthcare Limited (the 'Company' or 'FHL' or the 'Group') (formerly known as Fortis Healthcare (India) Limited) was incorporated in the year 1996 and commenced its hospital operations in year 2001 with its flagship Multi-Speciality Hospital at Mohali and has thereafter set up / acquired/ taken over the management of other hospitals in different parts of the country and overseas. As part of its business activities, the Group through its holding company, Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited), holds interests in its subsidiaries, associate companies and joint ventures through which it manages and operates a network of multi-specialty hospitals. The Company's equity shares are listed on both Bombay Stock Exchange and National Stock Exchange. The Company's Foreign Currency Convertible Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements ("CFS") have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The CFS has been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets of certain subsidiaries, for which revaluation was carried out in earlier years.

The accounting policies have been consistently applied by the 'Fortis Group' (as defined under 'Composition of the Group' in note 3 below) and are consistent with those used in the previous year except for changes in accounting policies explained below.

(b) Changes in accounting policies:

(i) Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(ii) The Ministry of Corporate Affairs (MCA) has issued the amendment dated December 29, 2011 to AS 11 'The Effects of Changes in Foreign Exchange Rates', to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items.

In accordance with the amendment/ earlier amendment to AS 11, the Group has opted to amortize exchange differences relating to long term foreign currency monetary items (other than relating to acquisition of depreciable capital assets) over the balance period of such long term monetary items effective April 1, 2011, as required by paragraph 46A of said notification. Consequently, foreign exchange gain (net) of ₹ 241.43 lacs has been written back in current year as at March 31, 2012, to be amortized over the remaining term of the monetary items.

(c) Principles of Consolidation

The CFS relates to FHL and its subsidiaries, joint ventures and associates ('Fortis Group'). In the preparation of the CFS, investments in subsidiaries, associates and joint ventures are accounted for in accordance with the requirements of AS 21 (Consolidated Financial Statements), AS 23 (Accounting

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

for Investments in Associates) and AS 27 (Accounting for Interest in Joint Ventures) notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The CFS are prepared on the following basis:

- (i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship comes into existence.
- (ii) The difference between the cost to the Company of its investment in the subsidiary and its proportionate share in the equity of the subsidiary as at the date of acquisition of stake is recognized as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment at the end of each accounting year. For impairment, the carrying value of goodwill is compared with the present value of discounted cash flows of the respective subsidiaries and loss, if any, is adjusted to the carrying value of the goodwill.
- (iii) Minorities' interest in net profits/losses of the subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same are accounted for by FHL, being the holding company.
- (iv) Investments in associates are accounted for using the equity method. The difference between the cost of investment in associate and the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or capital reserve, as the case may be and included in the carrying value of the investment in the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by FHL) are recouped.
- (v) The Company reports its interest in a jointly controlled entity using proportionate consolidation method wherein the assets, liabilities, income and expenses of the jointly controlled entity are proportionately consolidated.
- (vi) As far as possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements, Where it is not practicable to use uniform accounting policies, differences in accounting policies are disclosed separately in accordance with AS 21 Consolidated Financial Statements.
- (vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2012.

(d) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**(e) Tangible Fixed Assets**

Fixed assets are stated at cost (or fair value in case of acquisition under slump sale or revalued amounts, as the case may be) less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(f) Depreciation

- (i) Except as stated in para (ii), (iii) and (iv) below, depreciation on all fixed assets within the Fortis Group is provided for using the Straight Line method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management or where applicable, those prescribed under Schedule XIV of the Companies Act, 1956. The Company has used the following rates to provide the depreciation on its fixed assets:-

S. No.	Assets	Rate SLM
1	Building	2% to 20%
2	Plant & Equipment	4.75% to 12.38%
3	Furniture & Fittings	6.33% to 25%
4	Computer	10% to 100%
5	Office equipment	4.75% to 25%
6	Motor vehicle	9.50% to 54.15%
7	Medical equipment	7.07% to 87.15%

- (ii) Depreciation on Leasehold Improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.
- (iii) Leasehold land is amortized over the period of lease except in respect of two subsidiaries where the same is available on perpetual lease basis [(34.77% (previous year 44.72%) of net block of leasehold land of the Fortis Group aggregating to ₹ 21,020.59 lacs (previous year ₹ 16,342.03 lacs) as at March 31, 2012].
- (iv) In respect of certain subsidiaries, depreciation is being provided for using the Written Down Value method at higher of the rates arrived at as per the useful lives of the assets as estimated by the management and those prescribed under Schedule XIV of the Companies Act, 1956 [7.94% (previous year 16.25%) of the total net block of fixed assets (excluding leasehold and freehold land) of the Group aggregating to ₹ 185,703.31 lacs (previous year ₹ 111,679.67 lacs) as at March 31, 2012]. The rates used at written down value method is as follows:-

S. No.	Assets	Rate WDV
1	Building	10%
2	Plant & Equipment	13.91%
3	Furniture & Fittings	18.10% to 25.88%
4	Computer	16.21% to 40%
5	Office equipment	13.91%
6	Motor vehicle	25.89%
7	Medical equipment	20.00%

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (v) Individual assets with cost not exceeding ₹ 5,000 are depreciated fully in the year of purchase in accordance with Accounting Standard 10- Accounting for Fixed Assets, in entities registered in India.
- (vi) In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the revaluation reserve account, however during the previous year, in case of one of the subsidiary, the Revaluation reserve had been used for acquisition of demerged division of one of the associate as per the order of Hon'ble High Court of Delhi (refer note 27 below).

(g) Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized to the extent to which the expenditure is related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

All direct capital expenditures on expansion are capitalized. All indirect expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset. However, where such expenses are specifically attributable to construction of a project or bringing it to its working condition, are included as part of the cost of the construction project or as a part of the cost of the fixed asset.

(h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable the acquisition, construction or production of an asset that necessarily take substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(i) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Technical Know-how Fees

Technical know-how fees is amortized over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Softwares

Cost of software is amortized over the useful life of the software.

License Fee

License fee capitalized as an intangible asset is amortized over a period of 10 years, being the management estimate of the useful life of the asset.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Right of Use of Land

Right of use of land is recognized based on the fee paid by a group company to operate and manage the hospitals acquired under slump sale and is not amortized, considering the right is available to the group company on perpetual basis.

Non-Compete fee

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business by a subsidiary is capitalized and amortized over an estimated useful life of 3 years over which the benefits are likely to accrue, on a straight line basis.

Internally generated assets costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the asset.
- Its ability to use or sell the asset.
- The asset will generate future economic benefits.
- The availability of adequate resources to complete the development and to use or sell the asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Expenditure on development activities, whereby research findings are applied to a plan or design for the new or substantially improved tests, is capitalized, if the cost can be reliably measured, the test is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads including rent that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in the statement of profit and loss as an expense as incurred. During the period of development, the asset is tested for impairment annually.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated below. Materials identified for use in research and development process are carried as inventories and charged to statement of profit and loss on issuance of such materials for research and development activities.

These costs are amortized over a period of five years being the useful life, as estimated by the management.

Trademarks

Trademarks acquired separately are measured on initial recognition at cost. The cost of trademarks acquired in the nature of purchase is at fair value as on the date of acquisition. Following initial recognition, trademarks are carried at cost less accumulated amortization and impairment losses, if any. They are amortized on the straight line basis over the estimated useful economic life.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in profit or loss. Impairment losses recognized for goodwill are not reversed in subsequent periods.

(j) Impairment of Tangible and Intangible assets

- a. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company.
- b. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(k) Leases

Where a group entity is lessee

- a) Finance leases, which effectively transfer to a Group entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Group entity will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.
- b) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where a group entity is lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation, are recognized as expense in the statement of profit and loss.

(l) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such long term investments.

(m) Inventories

Inventory of Medical consumables, drugs and stores and spares are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis, except for three of the subsidiaries where it is determined on First-in First-out basis [12.40% (previous year 46.66%) of total inventories of Fortis Group aggregating ₹ 7,991.57 lacs (previous year ₹ 2,633.33 lacs) as at March 31, 2012].

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs incurred to make the sale.

(n) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Service Income from operations

Operating income including inpatient and outpatient services, laboratory/ clinical services, income from medical services, management fees from hospitals, management fees from laboratories and income from satellite centers are recognized as and when the services are rendered. Management fee from hospitals and income from medical services is recognized as per the contractual terms with respective hospitals.

Income from Rehabilitation Centre

Revenue is recognized as and when the services are rendered at the centre.

Rental Income and Equipment Lease Rentals

Revenue is recognized in accordance with the terms of lease agreements entered into with the respective lessees.

Income from Academic Services

Revenue is recognized on pro-rata basis on completion of such services over the duration of the program.

Income from Clinical Research

Revenue is recognized as and when the services are rendered in accordance with the terms of the respective agreements.

Income from medical, dental and other service contracts

The Group has certain medical, dental and other service contracts, in which the Group agrees to provide specific services over the terms of the contracts for a fixed-fee in which the level of services depends on uncertain future events (the "Fixed-fee Contracts"). Fees received or receivable under the Fixed-fee Contracts are recognized on a time proportion basis over the terms of the Fixed-fee

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Contracts. Expenses incurred in connection with the Fixed-fee Contracts are charged to the profit or loss as incurred. Deficiency in the contract liabilities is immediately charged to the profit or loss by establishing a provision for losses.

Sale of pharmacy items

Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods.

Income from sale of scrap and plasma

Revenue from sale of scrap and plasma is recognized on delivery of these items and billing thereof, which generally coincides.

Export benefits

Income from Served from India Scheme is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received.

Income from sponsorship fees

Revenue is recognized as and when services are rendered in accordance with the terms of the agreement.

Deferred revenue

Deferred revenue represents service fees received in advance of the performance of the relevant services. Deferred revenue is released to and recognized in the profit or loss when the corresponding services are rendered or on a time proportion basis over the terms of the service contracts.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Dividend is recognized if the right to dividend is established by the balance sheet date.

(o) Unamortized Costs

Costs incurred in raising funds is amortized on straight line basis over the period for which the funds are obtained.

(p) Unamortized share issue expenses

Cost incurred for share issue is being accumulated and will be adjusted against the securities premium account as per provisions of Section 78 of the Companies Act, 1956.

(q) Foreign Currency Transactions**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(iii) Exchange Differences

From accounting periods commencing on or after December 7, 2006, the Group's accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(2) and (iii)(3).

(v) Translation of Integral Foreign Operations

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. Exchange differences arising on such translation are recognized as income or expense in the year in which they arise.

(vi) Translation of Non-Integral Foreign Operations

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation should be accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment, at which time they should be recognized as income or as expenses.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**(r) Employee Benefits****(A) In respect of Companies incorporated in India****(i) Contributions to Provident Fund**

The entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective fund is due. The provident fund contribution of certain employees of the group is being deposited with “Fortis Healthcare Limited Provident Fund Trust” and “Escorts Heart Institute and Research Centre Limited Provident Fund Trust”; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligations other than the contribution payable to the fund.

(ii) Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using the projected unit credit method.

Two of the subsidiaries of the Company have taken insurance policy under the Group Gratuity scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and the amount paid/ payable in respect of present value of liability of past services is charged to the statement of profit and loss every year. The difference between the amount paid/payable to LIC and the actuarial valuation made at the end of each financial year is charged to the statement of profit and loss.

(iii) Compensated Absences

Long term compensated absences are provided for based on actuarial valuation made at the end of the year using projected unit credit method. Short term compensated absences are provided for based on best estimates.

(iv) Actuarial Gains/Losses

Actuarial gains/losses are recognized in the statement of profit and loss as they occur.

(B) In respect of Companies incorporated outside India**(a) Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the local authority. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed in the period that relevant employee services are received.

(b) Short term employee benefits

Short term benefits comprise employee costs such as salaries, bonuses, and paid annual leave and sick leave are accrued in the year in which the associated services are rendered by

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

employees of the Group.

The liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date are considered as short term benefits and are recognized on the basis of the estimated value of benefit expected to be availed by the employees.

(s) Income Taxes

Tax expense comprises current and deferred tax. Current income tax is determined based on the amount of tax payable in respect of taxable income for the year as per laws of respective countries. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the Group re-assesses and recognizes unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax ('MAT') credit is recognized as an asset when it is probable that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement.

Deferred Tax Assets and Deferred Tax Liabilities across operations on which enterprise has no legal enforceable right are not set off against each other.

(t) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

(u) Earnings Per Share

Basic earnings per share is calculated by dividing the net consolidated profit for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net consolidated profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(v) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(x) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(y) Derivative instruments

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle. If there is a Mark to market loss then same is charged to the Profit & Loss Account. Net gains are ignored as a matter of prudence.

(z) Segment reporting*Identification of segments*

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Inter-segment transfers

The group generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Segment accounting policies

The group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(aa) Measurement of EBITDA

As permitted by the guidance note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

3. Composition of the Group

The list of Subsidiaries, Associates and Joint Ventures considered in the preparation of the consolidated financial statements are as follows:-

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
a)	Subsidiaries			
	Fortis Hospotel Limited (FHTL)	India	100.00%	100.00%
	Hiranandani Healthcare Private Limited (HHPL) (refer note 1 below)	India	85.00%	39.99%
	Fortis Health Management Limited (FHML)	India	100.00%	100.00%
	Fortis Health Management (West) Limited (FHM(W)L) (refer note 2 below)	India	100.00%	-
	Fortis Health Management (East) Limited (FHM(E)L) (refer note 2 below)	India	100.00%	-
	Fortis Health Management (South) Limited (FHM(S)L) (refer note 2 below)	India	100.00%	-
	Fortis Health Management (North) Limited (FHM(N)L) (refer note 3 below)	India	100.00%	-
	International Hospital Limited (IHL)	India	100.00%	100.00%
	Fortis Healthcare International Limited (FHIL)	Mauritius	100.00%	100.00%
	Escorts Heart Institute and Research Centre Limited (EHIRCL) (refer note 4 below)	India	100.00%	90.00%
	Escorts Heart and Super Speciality Institute Limited (EHSSIL) (refer note 4 below)	India	100.00%	90.00%
	Escorts Hospital and Research Centre Limited (EHRCL)	India	100.00%	100.00%
	Escorts Heart and Super Speciality Hospital Limited (EHSSHL)	India	100.00%	100.00%
	Lalitha Healthcare Private Limited (LHPL)	India	67.23%	67.23%
	Fortis Malar Hospitals Limited (FMHL)	India	63.20%	63.20%

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
Fortis Hospitals Limited (FHsL)	India	100.00%	100.00%
Fortis Global Healthcare (Mauritius) Limited (FGHL)	Mauritius	100.00%	100.00%
Kanishka Healthcare Limited (formerly Kanishka Housing Development Company Limited) (KHL)	India	100.00%	100.00%
Malar Stars Medicare Limited (MSML)	India	63.20%	63.20%
Fortis Asia Healthcare Pte. Limited (FAHPL) (refer note 4 below)	Singapore	100.00%	90.00%
Fortis C-Doc Healthcare Limited (C-Doc)	India	60.00%	60.00%
Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)	Singapore	100.00%	100.00%
Fortis Health Staff Limited (FHSL)	India	29.00%	29.00%
Hospitalia Eastern Private Limited (HEPL) (refer note 5 below)	India	100.00%	-
Super Religare Laboratories Limited (SRL) (refer note 6 below)	India	71.49%	-
SRL Diagnostics Private Limited (SRLDPL) (refer note 6 below)	India	71.49%	-
Religare Health Trust (RHT) (refer note 7 below)	Singapore	100.00%	-
Fortis Healthcare International Pte Limited (FHIPL) (refer note 10 below)	Singapore	100.00%	-
Fortis Healthcare Australia Pty Ltd*	Australia	100.00%	-
Dental Corporation Holdings Limited*	Australia	64.13%	-
Dental Corporation Pty Limited*	Australia	64.13%	-
Close Dental Pty Limited *	Australia	64.13%	-
Craig Duval Dental Pty Limited*	Australia	64.13%	-
D C Holdings WA Pty Ltd*	Australia	64.13%	-
Dental Care Network Pty Limited*	Australia	64.13%	-
Dental Corporation (NZ) Limited*	New Zealand	64.13%	-
David Cox Dental Pty Limited*	Australia	64.13%	-
Prime Dental Pty limited*	Australia	64.13%	-
Hazel Ridge Pty Limited*	Australia	64.13%	-
John M Levas Pty Limited*	Australia	64.13%	-
Scot Petrie Dental Pty Limited*	Australia	64.13%	-
Dental Corporation of Canada Holdings Inc.*	Canada	18.60%	-
Fortis Healthcare Singapore Pte Ltd*	Singapore	100.00%	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
Radlink-Asia Pte Limited (Radlink)*	Singapore	85.00%	-
Drs Thompson & Thompson (Radlink Medicare) Pte Limited*	Singapore	72.25%	-
Radlink Medicare (Bishan) Pte Limited*	Singapore	59.50%	-
Radlink Medicare (Woodlands) Pte Limited*	Singapore	59.50%	-
Radlink Medicare (Tampines) Pte Limited*	Singapore	85.00%	-
Radlink Medicare (Jurong East) Pte Limited*	Singapore	85.00%	-
Clinic 1866 Pte Limited *	Singapore	85.00%	-
Radlink Diagnostic Imaging (s) Pte Limited*	Singapore	85.00%	-
Drs Lim Hoe & Wong Radiology Pte limited*	Singapore	85.00%	-
Healthcare Diagnostic Services Pte Limited*	Singapore	85.00%	-
Radlink Women & Fetal Imaging Centre Pte Limited*	Singapore	85.00%	-
Radlink Pet & Cardiac Imaging Centre Pte Limited*	Singapore	85.00%	-
Singapore Radiopharmaceutic Als Pte Limited*	Singapore	85.00%	-
Sinagpore Molecular Therapy Centre Pte Limited*	Singapore	85.00%	-
Altai Investments Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Hong Kong Limited*	Hong Kong	100.00%	-
Green Apple Associates Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Medical Services Limited*	Hong Kong	100.00%	-
Fortis HealthCare Hong Kong Limited*	Hong Kong	100.00%	-
Quality Healthcare Medical Services (Macau) Limited*	Macau	100.00%	-
Quality HealthCare Chinese Medicine Limited*	Hong Kong	100.00%	-
Marvellous Way Limited*	Hong Kong	100.00%	-
Universal Lane Limited*	Hong Kong	100.00%	-
DB Health Services Limited*	Hong Kong	100.00%	-
Quality HealthCare Medical Centre Limited*	Hong Kong	100.00%	-
Quality HealthCare Professional Services Limited*	Hong Kong	100.00%	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Name of the Group Company	Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
SmartLab Limited*	Hong Kong	100.00%	-
Allied Medical Practices Guild Limited*	Hong Kong	100.00%	-
Healthcare Clinic and Surgery Pte. Limited*	Singapore	85.00%	-
Great Option Limited*	Hong Kong	100.00%	-
Healthcare Opportunities Limited*	British Virgin Islands	100.00%	-
TCM Products Limited*	British Virgin Islands	100.00%	-
GHC Holdings Limited*	Hong Kong	100.00%	-
CASE Specialist Limited*	Hong Kong	100.00%	-
Jadeast Limited*	Hong Kong	100.00%	-
Jadefairs International Limited*	Hong Kong	100.00%	-
Jadway International Limited*	Hong Kong	100.00%	-
Megafaith International Limited*	Hong Kong	100.00%	-
Jadison Investment Limited*	Hong Kong	100.00%	-
Berkshire Group Limited*	British Virgin Islands	100.00%	-
Central Medical Diagnostic Centre Limited*	Hong Kong	70.00%	-
Central MRI Centre Limited*	Hong Kong	70.00%	-
Central Medical Laboratory Limited*	Hong Kong	70.00%	-
Central PET/CT Scan Limited*	Hong Kong	70.00%	-
Portex Limited*	Hong Kong	100.00%	-
Quality HealthCare Services Limited*	British Virgin Islands	100.00%	-
Quality HealthCare Psychological Services Limited*	Hong Kong	100.00%	-
Quality EAP (Macau) Limited*	Macau	100.00%	-
Quality HealthCare Dental Services Ltd*	Hong Kong	100.00%	-
Quality HealthCare Physiotherapy Services Limited*	Hong Kong	100.00%	-
Quality HealthCare Nursing Agency Limited*	Hong Kong	100.00%	-
Dynamic People Group Limited*	British Virgin Islands	100.00%	-
Mena Healthcare Investment Company Limited*	British Virgin Islands	82.54%	-
Super Religare Laboratories International FZ LLC*	UAE	100.00%	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Name of the Group Company		Country of Incorporation	Proportion of ownership interest as at March 31, 2012	Proportion of ownership interest as at March 31, 2011
	Medical Management Company Limited*	British Virgin Islands	82.54%	-
	Swindon Limited*	British Virgin Islands	78.13%	-
	VOF PE Holding ² Limited*	Cayman Island	78.13%	-
	Hoan My Corporation*	Vietnam	61.21%	-
	Hoan My Sai Gon General Hospital Joint Stock Company *	Vietnam	61.21%	-
	Hoan My District 3 Poly Clinic Company Limited*	Vietnam	51.41%	-
	Hue Medical Investment Joint Stock Company*	Vietnam	61.21%	-
	Hoan My Da Nang General Hospital Joint Stock Company *	Vietnam	39.79%	-
	Hoan My Cuu Long General Hospital Joint Stock Company *	Vietnam	54.48%	-
	Hoan My Da Lat General Hospital Joint Stock Company *	Vietnam	53.25%	-
b)	Associates			
	Sunrise Medicare Private Limited	India	31.26%	31.26%
	Medical and Surgical Centre Limited	Mauritius	28.89%	28.89%
	Fortis Medicare International Limited	Mauritius	49.00%	49.00%
	Fortis Emergency Services Limited (refer note 8 below)	India	49.00%	51.00%
	Lanka Hospitals Corporation Plc*	Sri Lanka	28.60%	-
	Town Hall Clinic*	Singapore	25.50%	-
	Hoan My Minh Hai*	Vietnam	18.36%	-
	Hoan My Thien The*	Vietnam	18.36%	-
c)	Joint Ventures			
	Fortis Cauvery (refer note 9 below)	India	51.00%	-
	DDRC SRL Diagnostics Private Limited (DDRC) (refer note 6 below)	India	50.00%	-
	Super Religare Reference Laboratories (Nepal) Private Limited (SRRLPL) (refer note 6 below)	Nepal	50.00%	-

*Refer note 10 below

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Notes:**

1. During the current year, the Company has taken 45% additional stake in Hiranandani Healthcare Private Limited on June 29, 2011, thus effective June 29, 2011 it has become subsidiary of the Company.
2. During the current year, Fortis Hospitals Limited has incorporated three wholly owned subsidiaries Fortis Health Management (East) Limited, Fortis Health Management (West) Limited and Fortis Health Management (South) Limited.
3. During the current year, Escort Heart Institute and Research Limited has incorporated a wholly owned subsidiary Fortis Health Management (North) Limited.
4. During the current year, the Company has acquired 10% additional stake in Escorts Heart Institute and Research Centre Limited ('EHIRCL') on April 27, 2011 from Fortis Healthcare Holdings Private Limited (formerly Fortis Healthcare Holdings Limited) (FHHL), resulting in EHIRCL, FAHPL and EHSSIL becoming wholly owned subsidiaries of the Company.
5. During the year, Fortis Health Management Limited ('FHML') has acquired 100% stake in Hospitalia Eastern Private Limited ('HEPL') on October 1, 2011 resulting in becoming wholly owned subsidiary of the Group. However, investment in HEPL is temporary in nature; therefore, the same has not been consolidated in these financial statements.
6. During the year, the Company has acquired 74.59% stake in Super Religare Laboratories Limited ('SRL') on May 12, 2011 resulting SRL becoming subsidiary of the Company. Subsequently, SRL Diagnostics Private Limited, wholly owned subsidiary of SRL and two Joint Ventures Super Religare Reference Laboratories (Nepal) Private Limited and DDRC SRL Diagnostics Private Limited have become subsidiary and Joint Ventures of the Company.
7. RHT, a business trust establishment in Singapore, issued 3,100 units of FHIL in lieu of FHIL transferring its shareholding in FGHIPL to RHT on July 29, 2011. As result of this transfer, the Company is the sole beneficial owner of FGHIPL, through its 100% unit holding in RHT (also refer note 30.3 (ix) and 30.4).
8. During the year, Fortis Hospitals Limited has divested 2% stake in Fortis Emergency Services Limited (FESL) on January 2, 2012. Therefore effective from January 2, 2012 it has become an associate of the Company.
9. During the year, FHM(S)L has entered into partnership agreement on April 27, 2011 with Dr. Chandrasekhar G.R. and Dr. Sarla Chandrasekhar with 51% share in assets and liabilities in Fortis Cauvery.
10. During the year, FAHPL has acquired 100% stake in FHIPL on January 11, 2012 from RHC Financial Services (Mauritius) Limited alongwith its subsidiaries and associates (refer note 29B for further details).

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**NOTE 4(i): SHARE CAPITAL**

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Authorized shares (Nos.):		
– 600,000,000 (Previous Year 600,000,000) Equity Shares of ₹ 10 each	60,000.00	60,000.00
– 200 (Previous Year 200) Class ‘A’ Non-Cumulative Redeemable Preference Shares of ₹ 100,000 each	200.00	200.00
– 11,498,846 (Previous Year 11,498,846) Class ‘B’ Non-Cumulative Redeemable Preference Shares of ₹ 10 each	1,149.88	1,149.88
– 64,501,154 (Previous Year 64,501,154) Class ‘C’ Cumulative Redeemable Preference Shares of ₹ 10 each	6,450.12	6,450.12
	67,800.00	67,800.00
Issued shares (Nos.):		
– 405,179,715 (Previous Year 405,103,475) Equity Shares of ₹10 each fully paid up	40,517.97	40,510.35
– 1,600,000 (Previous Year 1,600,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	160.00	160.00
– 3,196,000 (Previous Year 3,196,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	287.64	287.64
Total issued share capital	40,965.61	40,957.99
Subscribed and paid up shares (Nos.):		
– 405,179,715 (Previous Year 405,103,475) Equity Shares of ₹10 each fully paid up	40,517.97	40,510.35
– 1,450,000 (Previous Year 1,450,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹10 each	145.00	145.00
– 3,196,000 (Previous Year 3,196,000) Class ‘C’ Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each	287.64	287.64
Total subscribed and fully paid-up share capital	40,950.61	40,942.99

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year****Equity Shares**

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	405,103,475	40,510.35	317,323,609	31,732.36
Issued during the year under ESOP	76,240	7.62	67,880	6.79
Issued during the year (refer note 23)	-	-	87,711,986	8,771.20
Outstanding at the end of the year	405,179,715	40,517.97	405,103,475	40,510.35

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	1,450,000	145.00	1,450,000	145.00
Outstanding at the end of the year	1,450,000	145.00	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹9 each

Particulars	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
At the beginning of the year	3,196,000	287.64	3,196,000	287.64
Outstanding at the end of the year	3,196,000	287.64	3,196,000	287.64

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms of redemption of preference shares

During the year ended March 31, 2008, the Company issued 11,500,000 Class 'C' zero percent cumulative redeemable preference shares of ₹10 each at a premium of ₹ 90 per share (3,196,000 zero percent cumulative redeemable preference shares pending redemption). These shares are redeemable at ₹ 175, including premium on October 18 of 2008, 2009, 2010, 2011 and 2012 in installment of ₹ 1,437.50 lacs each and ₹ 12,937.50 lacs on October 18, 2013. However, the date of redemption in 2009, 2010 and 2011 has been postponed to 2012 and due to this, the Company has agreed to pay redemption premium calculated at 12%, 12.5% and 13% respectively on the deferred payments. The Issuer may make voluntary premature redemption of the Shares in part or in full in which event the Redemption Premium shall be computed @ 12% compounded annually on the Subscription amount from the subscription date till the redemption date. In the event of liquidation of the Company before redemption of preference shares, the holder of preference shares will have priority over equity shares in the repayment of capital.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

During the year ended March 31, 2009, the Company issued 1,450,000 Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each at a premium of ₹ 90 per share. Preference shares were redeemable at a premium of ₹ 117.69 per preference share, on October 18, 2010. The Company and the Subscriber have an option for early redemption of the Preference Shares. In case the early redemption option is exercised, the amount payable on redemption at the end of year 1 shall be ₹ 1,638.50 lacs and at end of year 2 shall be ₹ 1,851.51 lacs. However, the date of redemption in 2010 has been deferred to October 18, 2012.

The holders of both class of preference shares do not have any voting rights

(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries**Equity Shares**

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	32,959.15	329,591,530	32,959.15
RHC Holding Private Limited, the ultimate holding company	218,250	21.83	218,250	21.83

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 10 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
RHC Holding Private Limited, the ultimate holding Company	1,450,000	145.00	1,450,000	145.00

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹ 9 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
RHC Holding Private Limited, the ultimate holding Company	3,196,000	287.64	3,196,000	287.64

(e) Details of shareholders holding more than 5% shares in the Company**Equity Shares**

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited, the holding Company	329,591,530	81.34%	329,591,530	81.34%

Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹10 each

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding Company	1,450,000	100%	1,450,000	100%

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**Preference Shares- Class 'C' Zero Percent Cumulative Redeemable Preference Shares of ₹9 each**

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RHC Holding Private Limited, the ultimate holding company	3,196,000	100%	3,196,000	100%

As per records of the Company, including its register of share holders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the company refer note 15.

(g) Shares reserved for issued on conversion

For details of shares reserved for issue on conversion of bonds, please refer note 19 regarding terms of conversion/ redemption of bonds.

NOTE 4(ii) : RESERVES & SURPLUS

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
a. Revaluation reserve		
Balance as per the last financial statements	35,197.43	37,380.33
Add: revaluation reserve on acquisition of balance 10% share in a subsidiary (refer note 29D)	268.45	-
Less : transfer to statement of profit and loss as reduction from depreciation	140.35	163.07
Less: Utilized during the year	-	2,019.83
Closing balance	<u>35,325.53</u>	<u>35,197.43</u>
b. Securities premium account		
Balance as per the last financial statements	257,556.76	136,840.36
Add : Premium on issue of shares	49.00	125,471.25
Less: Applied for premium on redemption of non-convertible debentures	-	2,610.42
Less: Amount utilized for accrual of premium payable on redemption of redeemable preference shares	2,631.49	886.52
Less: Expenses incurred for issue of 5% foreign currency convertible bonds (refer note 19)	-	1,223.09
Less: Expenses incurred for issue of equity shares	190.78	34.82
Closing balance	<u>254,783.49</u>	<u>257,556.76</u>

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
c. Foreign currency translation reserve		
Balance as per the last financial statements	(439.52)	-
Add: current year transfer	(4,480.02)	(439.52)
Closing balance	(4,919.54)	(439.52)
d. Securities premium suspense account		
Balance as per the last financial statements	2,113.11	-
Add: current year transfer	-	2,113.11
Less : written back in current year	2,113.11	-
Closing balance	-	2,113.11
e. Amalgamation reserve		
Balance as per the last financial statements	156.00	156.00
Closing balance	156.00	156.00
(Pursuant to the order of the Hon'ble High Court of Delhi dated October 07, 2005 in respect of amalgamation of an erstwhile subsidiary with the Company)		
f. Debenture Redemption Reserve ('DRR')		
DRR created during the year	1,630.43	-
Closing balance	1,630.43	-
g. Other Reserves		
Loss on dilution of shareholding (refer note 29A)	(1,432.06)	-
Closing balance	(1,432.06)	-
h. Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(6,698.19)	(17,847.15)
Add: Profit for the year	7,222.15	12,436.24
Less: Accrual for premium on redemption of redeemable preference shares	-	1,287.28
Less: Transfer to Debenture redemption reserve	1,630.43	-
Net deficit in the statement of profit and loss	(1,106.48)	(6,698.19)
	284,437.37	287,885.58

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
NOTE 4(iii) : LONG TERM BORROWINGS		
a. Secured (refer note 8)		
Term Loans		
- from banks	112,278.73	41,843.86
- from body corporates	29,384.95	5,893.37
Long Term maturities		
- of Finance lease obligation	1,364.96	-
- of Hire purchase loans from banks	64.86	34.99
Deferred payments liabilities	2,817.62	-
	145,911.12	47,772.22
b. Unsecured (refer note 8)		
Bonds and Debentures		
Compulsorily convertible debentures	910.00	-
Optionally convertible debentures	2,500.00	1,000.00
Foreign currency convertible bonds	50,944.90	44,587.20
Convertible Bonds	4,380.64	-
Non convertible debentures	16,500.00	-
Term Loans		
- From Banks	12,549.36	-
Other Loans and Advances		
262,120,642 (previous year Nil), 5% Class B Redeemable Preference Shares of USD 1 each	133,633.69	-
(issued by Fortis Asia Healthcare Pte. Limited, a subsidiary company)	221,418.59	45,587.20
	367,329.71	93,359.42
NOTE 4 (iv) : DEFERRED TAX ASSETS/ LIABILITIES (NET)		
Deferred tax liability:		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	2,121.62	1,023.94
Others	162.48	0.04
	2,284.10	1,023.98
Deferred tax asset:		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	532.79	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	5,030.96	1,088.79
On carry forward business losses and unabsorbed depreciation	884.37	514.42
	6,448.12	1,603.21
Deferred tax Asset/(Liabilities) (net)	4,164.02	579.23

NOTE 4 (v): OTHER LONG TERM LIABILITIES

Trade payables	15.99	9.34
Capital creditors	1,521.25	430.81
Premium payable on redemption of redeemable preference shares	2,044.43	1,221.07
Interest accrued but not due on borrowings	4,925.83	1,959.54
Contingent consideration against purchase of business	2,115.55	-
Advances and deposits	503.81	-
Derivative financial instruments	402.62	-
Other liabilities	15.70	24.80
	11,545.18	3,645.56

NOTE 4 (vi): LONG TERM PROVISIONS**a. Provision for employee benefits :**

Provision for gratuity (refer note 17)	1,994.49	1,342.61
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b. Other provisions

Provision for litigation (refer note 14)	496.88	496.88
Provision for restoration and maintenance*	730.11	-
	3,221.48	1,839.49

Provisions for restoration and maintenance

Opening balance	-	-
Add: provision acquired on acquisition of subsidiary	730.11	-
Less: utilized during the year	-	-
Closing balance	730.11	-

Provisions for litigation

Opening balance	496.88	330.39
Add: provision made during the year	-	166.49
Less: utilized during the year	-	-
Closing balance	496.88	496.88

*At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, as per contractual obligation.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (vii): SHORT TERM BORROWINGS		
a. Secured (refer note 8)		
Loans Repayable on demand		
-From Banks		
Bank overdraft	2,937.74	1,634.75
Cash Credit	3,481.09	409.31
Other loans from Banks	41,000.00	1,528.99
Buyer's Credit	1,132.61	-
	48,551.44	3,573.05
b. Unsecured (refer note 8)		
Loans Repayable on demand		
-From Body Corporates	24,744.30	1,541.52
Loans from Banks	126,759.09	-
Buyer's Credit	139.07	-
Bill Discounted	4,566.29	-
Other Loans and advances		
Commercial papers	47,500.00	-
Redeemable Non- convertible Debentures	30,000.00	-
55,00,000 (previous year Nil) Zero percent Non-Cumulative Redeemable Preference Shares of ₹ 10 each (issued by Super Religare Laboratories Limited, a subsidiary company)	550.00	-
45,00,000 (previous year Nil) Zero percent Non-Cumulative Redeemable Preference Shares of ₹ 10 each (issued by Super Religare Laboratories Limited, a subsidiary company)	450.00	-
6,750,000 (previous year Nil) Zero percent preference shares of ₹ 10 each (proportionate share of the Company) (issued by DDRC SRL Diagnostics services Private Limited, a Joint Venture)	337.50	-
	235,046.25	1,541.52
	283,597.69	5,114.57
NOTE 4 (viii) : TRADE PAYABLES		
Trade Payables	77,303.76	16,907.28
	77,303.76	16,907.28

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (ix): OTHER CURRENT LIABILITIES		
Current maturities of long term debts (refer note 8)	34,181.28	9,866.11
Current maturities of finance lease obligations (refer note 8)	1,195.26	-
Book overdrafts	513.54	388.58
Advances from patients/ customers	4,177.00	2,273.62
Sundry deposits	244.01	219.77
Interest accrued and due on borrowings	12,694.48	238.24
Interest accrued but not due on borrowings	5,227.16	161.99
Deferred revenue*	1,915.80	7.60
Share application money payable (refer note 34)	341.50	341.50
Premium payable on redemption of redeemable preference shares	5,654.29	3,059.53
Capital creditors	5,285.39	2,097.01
Payable against losses of associate (refer note 35)	860.61	810.01
Lease equalization reserve	416.06	70.59
Unamortized discount on forward cover contracts	546.78	-
Derivative financial instruments	1,226.20	-
Statutory payables	4,057.29	2,288.57
Contingent consideration against purchase of business	5,057.20	-
Other liabilities	722.40	76.58
	84,316.25	21,899.70

* Deferred revenue represents payment received in advance for fixed fees contracts for which services had not been rendered at the end of the reporting period.

NOTE 4 (x) : SHORT TERM PROVISIONS**a. Provision for employee benefits**

Provision for gratuity (refer note 17)	113.99	215.48
Provision for leave encashment	2,296.99	1,224.14
Provision for severance allowance**	462.03	-

b. Other provisions

Provision for contingency	150.44	131.50
Provision for tax (net of advance tax)	2,460.87	-
Provisions for restoration and maintenance***	403.11	-
Provision for wealth tax	6.00	6.45
	5,893.43	1,577.57

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Provision for contingency:		
Opening balance	131.50	77.91
Add: provision made during the year	23.63	53.59
Less: utilized during the year	4.69	-
Closing balance	150.44	131.50
Provisions for restoration and maintenance		
Opening balance	-	-
Add: provision acquired on acquisition of subsidiary	487.57	-
Less: utilized during the year	84.46	-
Closing balance	403.11	-

**Provision for severance allowance is mandatory payments to be made to employees of one of the subsidiary in Vietnam of the Group who left the employments. This is mandatory payment under local employment act.

***At the end of certain leases, costs are expected to be incurred in restoring the leased premises. The Group recognizes the provision for the cost of restoration and maintenance on estimated basis, as per contractual obligation.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 4(xi) (a) : TANGIBLE FIXED ASSETS

NOTE 4(xi) (a) : TANGIBLE FIXED ASSETS											₹ in lacs
	Leasehold land	Freehold land	Building	Leasehold improve-ments	Plant & machinery	Medical equipments	Furniture & fittings	Computers equipments	Office equipments	Vehicles	Total
Cost or valuation											
As at April 1, 2010	16,458.95	35,828.72	29,766.49	3,804.25	13,517.57	44,974.63	3,074.24	1,858.52	645.52	1,964.47	151,893.36
Additions	207.99	-	26,120.78	219.90	3,692.71	12,941.15	991.88	956.44	324.07	1,120.33	46,575.24
Additions on acquisition (refer note 27)	-	-	-	820.89	1,124.30	-	64.88	-	-	14.74	2,024.81
Disposals	-	-	-	11.03	257.80	2,320.93	54.24	89.36	26.56	94.21	2,854.13
Disposals on sale of subsidiary	-	-	-	-	-	60.90	0.23	0.27	-	-	61.40
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
- Borrowing costs	-	-	558.74	-	210.28	119.98	19.31	-	-	-	908.31
As at March 31, 2011	16,666.94	35,828.72	56,446.01	4,834.02	18,287.06	55,653.94	4,095.84	2,725.34	943.03	3,005.33	198,486.19
Additions	5,103.72	128.77	4,988.14	2,046.70	2,591.23	13,863.71	782.79	1,917.44	418.17	786.92	32,627.59
Additions on acquisition of subsidiary (refer note 3)	-	11,695.89	16,431.69	15,864.09	14,689.20	46,383.29	4,856.91	6,225.37	817.43	1,568.70	118,532.57
Disposals	326.55	-	10.44	2,120.48	382.55	2,602.13	37.52	486.20	13.41	39.97	6,019.25
Disposals on sale of subsidiary (refer note 3)	-	-	-	-	-	-	-	-	-	742.74	742.74
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
-Exchange translation adjustments	-	83.78	(1,452.19)	244.57	282.95	49.76	8.05	80.49	-	(5.45)	(708.04)
As at March 31, 2012	21,444.11	47,569.60	79,307.59	20,379.76	34,901.99	113,249.05	9,689.97	10,301.46	2,165.22	4,583.69	343,592.40
Depreciation											
As at April 1, 2010	215.88	-	6,793.40	1,368.13	6,492.83	19,901.39	1,031.48	1,119.56	182.46	510.71	37,615.84
Charge for the year	109.03	-	1,580.46	285.50	1,086.75	4,932.96	339.33	308.11	158.00	449.15	9,249.29
Additions on acquisition (refer note 27)	-	-	-	619.73	382.10	-	26.87	-	-	10.71	1,039.41
Disposals	-	-	-	1.75	165.62	2,134.40	41.75	72.35	23.46	56.70	2,496.03
Disposals on sale of subsidiary	-	-	-	-	-	23.60	0.23	0.14	-	-	23.97
As at March 31, 2011	324.91	-	8,373.86	2,271.61	7,796.06	22,676.35	1,355.78	1,355.18	317.00	913.87	45,384.54
Charge for the year	98.61	16.53	2,378.55	2,081.01	2,386.41	7,213.25	533.26	970.85	214.42	514.36	16,407.25
Additions on acquisition of subsidiary (refer note 3)	-	0.25	1,730.44	3,871.39	5,899.73	14,227.91	1,977.94	2,570.44	152.29	299.18	30,729.57
Disposals	-	-	-	440.59	229.42	1,931.29	38.42	116.31	8.13	45.25	2,809.41
Disposals on sale of subsidiary (refer note 3)	-	-	-	-	-	-	-	-	-	210.91	210.91
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
-Exchange translation adjustments	-	-	12.39	47.69	125.07	(25.36)	2.18	24.25	-	(0.95)	185.27
As at March 31, 2012	423.52	16.78	12,470.46	7,735.73	15,727.71	42,211.58	3,826.30	4,755.91	675.58	1,472.20	89,315.77
Net Block											
As at March 31, 2011	16,342.03	35,828.72	48,072.15	2,562.40	10,491.00	32,977.59	2,740.14	1,370.15	626.03	2,091.46	153,101.65
As at March 31, 2012	21,020.59	47,552.82	66,837.13	12,644.02	19,174.27	71,037.46	5,863.67	5,545.54	1,489.64	3,111.49	254,276.63

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Notes:-

- 1 Revaluation of Fixed Assets: The group has valued its land and building at some of the subsidiaries at the fair values determined by independent valuers as follows:-

Name of subsidiary	Location	Date of Valuation	Book Value		Fair value		Increase in value		Additional depreciation for the year	
			Land	Building	Land	Building	Land	Building	Land	Building
IHL										
Leasehold land and building	Noida	March 31, 2008	256.89	2,792.70	4,480.00	3,365.89	4,223.11	633.20	54.27	24.09
FHTL										
Freehold land	Gurgaon	March 31, 2008	1,858.35	-	19,486.66	-	17,628.31	-	-	-
Leasehold land	Shalimar Bagh	March 31, 2008	1,440.79	-	6,910.00	-	5,469.21	-	-	-
EHSSIL										
Freehold land and building	Amritsar	March 31, 2008	28.63	1,534.05	2,214.00	2,275.14	2,185.38	741.09	-	61.61
EHSSHL										
Leasehold land	Jaipur	March 31, 2008	1,178.23	-	3,243.56	-	2,065.33	-	-	-
EHRCL										
Freehold land and building	Faridabad	March 31, 2008	1,095.50	2,821.82	6,151.08	2,829.97	5,055.59	8.15	-	0.38
KHL										
Freehold land	Bangalore	December 17, 2009	18.98	-	5,932.19	-	5,913.21	-	-	-
Total			5,877.37	7,088.57	48,417.49	8,471.00	42,540.14	1,382.44	54.27	86.08

- 2 Freehold land includes ₹ 319.03 lacs (Previous Year ₹ 319.03 lacs) pending registration in Company's name.

- 3 Leasehold land consists of leasehold rights for the land at Kolkata provided by the Kolkata Municipal Development Authority (KMDA). The land is subject to a dispute between the KMDA and Revenue department with regard to its usage.

- 4 Buildings include ₹ 8,579.18 lacs (Previous Year ₹ 8,579.18 lacs) at certain location constructed on leasehold land and ₹ 6,079.19 lacs (Previous Year ₹ 6,079.19 lacs) incurred on buildings under Operating and Management contract.

- 5 Right of use of Land is under Operating and Management contract for an initial period of 20 years, renewable for further periods of 20 years each, at the option of the Company.

- 6 Leasehold Land includes ₹ 398.22 lacs (Previous Year ₹ 398.22 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority has terminated all allotment letters/ lease deeds for which the subsidiary had filed an appeal in Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 11)

- 7 Equitable charge has been created on hospital property at Noida of a subsidiary for the loan of ₹ 5,000.00 lacs availed by another subsidiary of the Company from Axis Bank Limited.

- 8 Mortgage has been created on land, building and immovable fixed assets of a subsidiary for the loan of ₹ 10,000 lacs jointly availed by the Company and its five subsidiaries.

- 9 The above assets includes certain fixed assets leased pursuant to operating lease agreements (refer note 7).

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 4(xi) (b) : INTANGIBLE ASSETS

	(₹ in lacs)						
	Technical know how fees	Non compete fees	License fee	Right of use of land	Software	Goodwill consolidation	Total
Cost or valuation							
As at April 1, 2010	742.56	1,550.00	3,792.59	5,137.11	920.81	44,624.19	98,404.90
Additions	-	-	2,373.27	-	154.85	-	4,878.87
Deletions/reversal	-	-	-	-	-	157.12	157.12
As at March 31,2011	742.56	1,550.00	6,165.86	5,137.11	1,075.66	44,467.07	103,126.65
Additions	-	53.01	1,155.57	-	442.11	-	1,650.69
Additions on acquisition of subsidiary (refer note 3)	-	-	-	3,186.70	3,092.26	209,337.61	568,896.22
Deletions	-	-	-	-	186.34	-	186.34
Other adjustments							
- Exchange translation adjustments	-	-	-	22.84	0.62	1,425.44	1,421.12
As at March 31,2012	742.56	1,603.01	7,321.43	8,300.97	4,423.07	252,379.24	670,617.20
Amortization							
As at April 1, 2010	389.71	148.63	1,416.25	-	535.06	-	2,489.65
Charge for the year	108.23	516.67	635.44	-	102.67	-	1,363.01
As at March 31,2011	497.94	665.30	2,051.69	-	637.73	-	3,852.66
Charge for the year	32.41	526.53	911.53	-	484.52	-	1,954.99
Additions on acquisition of subsidiary (refer note 3)	-	-	-	-	1,062.03	-	1,062.03
Other adjustments							
- Exchange translation adjustments	-	-	-	-	0.09	-	0.09
As at March 31,2012	530.35	1,191.83	2,963.22	-	2,184.19	-	6,869.59
Net block							
As at March 31,2011	244.62	884.70	4,114.17	5,137.11	437.93	44,467.07	99,273.99
As at March 31,2012	212.21	411.18	4,358.21	8,300.97	2,238.88	252,379.24	663,747.61

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs

NOTE 4 (xii) : NON CURRENT INVESTMENTS**Unquoted Trade investments (valued at cost unless stated otherwise)****Investment in Equity Instruments****A. Investment in Associates**

3,126 (Previous Year 3,126) Equity Shares of ₹10 each, fully paid up of Sunrise Medicare Private Limited	0.31	0.31
98,000 (Previous Year 98,000) Ordinary Shares of US\$ 1 each, fully paid up of Fortis Medicare International Limited (refer note 35)	-	-
Nil (Previous Year 400,000) Equity Shares of Hiranandani Healthcare Private Limited of ₹ 10 each (Of the above, 3 shares are jointly held with nominee shareholders)	-	40.00
Add: Share in post acquisition losses upto the beginning of the year	-	(40.00)
1,600,000 Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up of Hoan My Minh Hai General Hospital Joint Stock Company (including goodwill of ₹ 116.79 lacs)	263.56	
Add: Share in profits/ (losses) for the current year	(45.58)	217.98
45,000 Equity Shares of Vietnamese Dong (VND) 10,000 each, fully paid up of Thien The Hoan My Joint Stock Company	10.95	-
Add: Share in profits/ (losses) for the current year	6.44	17.39
100 Equity Shares of SGD 1each, fully paid up of Town Hall Clinic Pte. Limited	112.50	-
Add: Share in profits/ (losses) for the current year	4.51	117.01
24,500 Equity Shares of ₹ 10 each, fully paid up of Fortis Emergency Services Limited	2.45	-
Add: Share in profits/ (losses) for the current year	(2.45)	-

B. Investment in Subsidiary Company

Hospitalia Eastern Private Limited (refer note 3)	6.99	-
(51,000 (Previous year Nil) Equity shares of ₹ 10 each, fully paid up) (of the above 6 shares are held through nominees)		

Investment in Preference Shares**A. Investment in Associates**

Hiranandani Healthcare Private Limited (refer note 3)	-	2,000.00
(Nil (Previous Year 200,000) Zero Percent Redeemable Preference Shares of ₹ 10/- each, fully paid up)		

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
B. Investment in Subsidiary Company		
Hospitalia Eastern Private Limited (refer note 3)	1,390.00	-
(490,000 (Previous year Nil) 10% Non Cumulative Redeemable Preference shares of ₹ 10/- each, fully paid up)		
Quoted Trade investments (valued at cost unless stated otherwise)		
Investment in Equity Instruments		
A. Investment in Associates		
164,670,801 (Previous Year 164,670,801) Ordinary Shares of MUR 10 each of Medical And Surgical Centre Limited (including capital reserve of ₹ 4,224.26 lacs)	1,312.69	1,312.69
Add: Share in post acquisition profits upto the beginning of the year	237.82	131.13
Add: Share in profits/ (losses) for the current year	151.54	106.69
Add: Exchange translation adjustments	187.77	27.56
64,120,915 Equity Shares of Lankan Rupees (LKR) 62 each of Lanka Hospitals Corporate Plc (including goodwill of ₹ 16,102.33 lacs)	19,762.82	
Add: Share in pre acquisition profits upto the date of acquisition	568.70	
Add: Share in profits/ (losses) for the current year	75.69	
Add: Exchange translation adjustments	(567.85)	-
Aggregate amount of Investments	23,478.86	3,578.38
Note:		
Aggregate amount of quoted investments	21,729.18	1,578.07
Market Value thereof	15,519.14	7,002.09
Aggregate amount of unquoted investments	1,749.68	2,000.31

NOTE 4 (xiii) : LONG TERM LOANS AND ADVANCES

a. Unsecured, Considered good

Capital advances	2,372.68	1,953.18
Security deposits	5,556.56	1,415.01
Loans to body corporates and others	2,371.87	42,374.46
Loans to employees	9,319.00	-
Advances recoverable in cash or in kind or for value to be received	1,709.94	703.81
Balances with customs, excise and other authorities	584.03	497.64
MAT credit entitlement	7,167.48	2,875.37

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
b. Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	23.73	23.73
	29,105.29	49,843.20
Less : Provision for doubtful advances	23.73	23.73
	29,081.56	49,819.47

NOTE 4 (xiv) : OTHER NON CURRENT ASSETS**a. Unsecured, Considered good**

Interest accrued but not due on loans and deposits	2.38	1.84
Advance tax and tax deducted at source (net of provision for taxation)	12,182.91	4,431.52
Unamortized finance charges	3,638.41	208.15
Deposits with maturity for more than 12 months	147.69	35.38
Margin money deposit	10.00	-
Other receivables	970.75	-

b. Unsecured, considered doubtful

Advance tax and tax deducted at source	20.63	20.63
	16,972.77	4,697.52
Less : Provision for doubtful advances	20.63	20.63
	16,952.14	4,676.89

NOTE 4 (xv) : CURRENT INVESTMENTS (at lower of cost and net realizable value)**Unquoted****Non-trade****Mutual funds**

Nil (Previous year 37,140.22) units of ₹ 1,000 each in UTI Treasury Advantage Fund	-	465.07
8,919.73 (Previous year 40,842.06) units of ₹ 1,000 each in Religare Ultra Short Term Fund- Institutional Growth	121.12	2,650.00
Nil (Previous year 10,000,000) units of ₹ 10 each in Principal PNB Fixed Maturity Plan	-	1,000.00
Nil (Previous year 96,193.60) units of ₹ 1,000 each in UTI Treasury Advantage Fund	-	1,270.00
Nil (Previous year 8,568,601.91) units of ₹ 10 each in Canara Robeco Treasury Advantage Super Institutional Daily Dividend Reinvest Fund	-	861.57
51,640.853 (Previous year Nil) units of ₹ 1,000 each in Axis Liquid Fund	516.45	-
National Saving Certificates	0.25	0.25
	637.82	6,246.89

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xvi) : INVENTORIES (at lower of cost and net realizable value)		
Medical consumables and drugs	7,805.43	2,464.31
Stores and spares	186.14	169.12
	7,991.57	2,633.43

NOTE 4 (xvii) : TRADE RECEIVABLES**Outstanding for a period exceeding six months from the date they are due for payment**

Secured, considered good	4.84	-
Unsecured, considered Good	15,772.60	4,331.67
Considered doubtful	5,607.02	3,095.51

Other receivables

Secured, considered good	154.43	-
Unsecured, considered Good	38,735.34	15,069.41
Considered doubtful	12.62	222.96

	60,286.85	22,719.55
Less : Provision for doubtful receivables	5,619.64	3,318.47
	54,667.21	19,401.08

NOTE 4 (xviii) : CASH AND BANK BALANCES**Cash and cash equivalents**

Balances with banks		
- On current accounts	38,936.97	8,405.53
- On cash credit accounts	0.38	-
- On deposit accounts	1,090.47	7,278.55
- On exchange earners foreign currency accounts	6.29	-
- On special disbursement account*	3.90	3.90
Cash in hand	451.73	169.10
Cheques on hand	195.67	205.62

Other bank balances

Deposits with original maturity for more than 12 months	11.00	-
Deposits with original maturity for more than 3 months but less than 12 months	482.28	263.86
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	312.31	-
	41,491.00	16,326.56

* Balance includes amount with a bank held for acquisition of subsidiary through open offer.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xix) : SHORT TERM LOANS AND ADVANCES		
Secured, Considered good		
Loans to Body Corporates and others	-	108.20
Security deposits	57.33	-
Unsecured, Considered good		
Security deposits	2,782.18	283.38
Loans to subsidiary*	145.00	-
Loans to fellow subsidiaries	888.00	1,309.92
Loans to body corporates and others	62,703.49	84,981.69
Loans to employees	11.18	20.83
Advances recoverable in cash or in kind or for value to be received	8,757.98	2,642.16
Gratuity fund	14.79	-
Deposits with income tax authorities	2,140.30	2,137.37
Balances with customs, excise and other authorities	652.85	388.86
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	62.24	3.34
Security deposits	17.35	-
Balances with customs, excise and other authorities	33.34	-
	78,266.03	91,875.75
Less : Provision for doubtful advances	112.93	3.34
	78,153.10	91,872.41

* This loan is given to a subsidiary, over which the Fortis Group has temporary control, which has not been consolidated.

NOTE 4 (xx) : OTHER CURRENT ASSETS**Unsecured, Considered good**

Interest accrued but not due on loans and deposits	2,268.01	686.41
Accrued operating income	3,939.63	2,473.25
Unamortized finance charges	1,889.78	9.44
Assets held for sale	4.03	10.57
Unamortized share issue expenses	1,116.52	-
Others	1,203.02	10.76
	10,420.99	3,190.43

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹ in lacs	March 31, 2011 ₹ in lacs
NOTE 4 (xxi) : REVENUE FROM OPERATIONS		
Sales of Services		
<i>Revenue from domestic operations</i>		
In patient	160,453.07	125,809.53
Out patient	22,808.64	18,235.65
Laboratory/ clinical services	43,060.43	-
Income from medical services	2,387.86	1,551.31
Management fees from hospitals	1,601.05	311.26
Management fees from laboratory	222.12	-
Income from satellite centers	243.54	474.87
Income from clinical research	182.26	254.20
	230,958.97	146,636.82
Less: Trade Discounts	3,420.49	2,382.02
	227,538.48	144,254.80
<i>Revenue from International operations</i>		
Hospital operations	23,251.23	-
Dental services	36,845.67	-
Laboratory/ clinical services	3,533.09	-
Management fees from hospitals	573.31	322.29
	64,203.30	322.29
Sales of Goods		
Pharmacy	2,598.09	2,308.24
	2,598.09	2,308.24
Less: Trade Discounts	39.74	119.90
	2,558.35	2,188.34
Other Operating Income		
Income from rehabilitation center	188.29	437.93
Scrap sale	48.06	34.96
Sponsorship fees	195.82	169.75
Income from sale of plasma	18.30	7.24
Income from academic services	66.24	57.01
Income from rent (includes prior period items of ₹ 0.51 lacs (previous year ₹ 2.53 lacs))	1,580.07	817.13
Equipment lease rental	858.25	758.12
Export benefits	838.50	-
Unclaimed balances and excess provision written back (includes prior period items of ₹ Nil (previous year ₹ 25.32 lacs))	202.39	525.65
Miscellaneous income	107.67	5.84
	4,103.59	2,813.63
	298,403.72	149,579.06

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
NOTE 4 (xxii) : OTHER INCOME		
Profit on redemption of mutual funds	218.90	1,474.84
Interest		
- on bank deposits	391.58	3,996.32
- on others	9,122.12	4,467.12
Foreign exchange fluctuation gain (net)	6,876.40	-
Premium on forward cover amortized	426.79	-
Miscellaneous income (includes prior period items of ₹ Nil (previous year ₹ 0.08 lacs))	695.58	125.17
	17,731.37	10,063.45
NOTE 4 (xxiii) : INCREASE IN INVENTORIES OF MEDICAL CONSUMABLES AND DRUGS		
Inventory at the beginning of the year	2,409.61	2,194.46
Acquisition of demerged division of an Associate (refer note 27)	-	18.85
Deletion on sale of subsidiary	17.42	14.14
Addition on acquisition of subsidiary	4,406.83	-
Inventories at the end of the year	7,764.03	2,409.61
	(965.01)	(210.44)
NOTE 4 (xxiv) : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	66,882.71	23,315.26
Gratuity (refer note 17)	504.82	507.70
Leave encashment	552.00	609.78
Contribution to provident and other funds	3,279.49	1,322.73
Staff welfare expenses	2,023.69	1,125.53
Recruitment and training	573.75	400.38
	73,816.46	27,281.38
NOTE 4 (xxv) : OTHER EXPENSES		
Contractual manpower (includes prior period items of ₹ 6.77 lacs (previous year ₹ Nil))	11,967.05	1,535.18
Power, fuel and water (includes prior period items of ₹ Nil (previous year ₹ 1.43 lacs))	6,872.40	4,213.81
Housekeeping expenses including consumables (includes prior period items of ₹ Nil (previous year ₹ 0.33 lacs))	3,244.24	2,014.88
Patient food and beverages	2,253.86	1,778.62
Pathology laboratory expenses (includes prior period items of ₹ Nil (previous year ₹ 1.10 lacs))	2,337.67	4,026.09

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Radiology expenses	3,006.29	2,194.21
Consultation fees to doctors (includes prior period items of ₹ Nil (previous year ₹ 0.22 lacs))	17,144.37	11,608.66
Professional charges to doctors	22,724.06	12,169.27
Cost of medical services	292.50	226.40
Repairs and maintenance		
- Building (includes prior period items of ₹ Nil (previous year ₹ 21.35 lacs))	556.69	252.58
- Plant and machinery (includes prior period items of ₹ Nil (previous year ₹ 4.44 lacs))	4,000.96	1,922.31
- Others (includes prior period items of ₹ Nil (previous year ₹ 0.04 lacs))	2,124.40	1,074.93
Rent		
- Hospital building	3,365.15	2,700.59
- Office and labs	3,993.28	-
- Equipments (includes prior period items of ₹ 0.19 lacs (previous year ₹ 1.30 lacs))	406.36	187.71
- Others	615.83	601.93
Donations	64.16	2.63
Legal and professional fee (includes prior period items of ₹ 19.61 lacs (previous year ₹ 21.78 lacs))	5,866.96	15,145.61
Travel and conveyance (includes prior period items of ₹ Nil (previous year ₹ 6.19 lacs))	4,051.40	2,445.68
Rates and taxes (includes prior period items of ₹ 40.69 lacs (previous year ₹ 95.21 lacs))	1,107.37	534.97
Printing and stationary (includes prior period items of ₹ 0.11 lacs (previous year ₹ Nil))	2,907.60	1,096.00
Communication expenses	2,200.32	573.83
Directors' sitting fees	24.16	18.72
Insurance (includes prior period items of ₹ Nil (previous year ₹ 2.10 lacs))	1,125.66	623.44
Ground rent	3,495.29	8.17
Marketing and business promotion (includes prior period items of ₹ Nil (previous year ₹ 3.12 lacs))	6,384.25	3,828.66
Wealth tax	15.42	19.01
Loss on sale of assets	382.27	217.10
Auditors' remuneration	178.75	57.18
Foreign exchange fluctuation loss (net)	-	2,687.53
Bad debts and sundry balances written off	563.56	167.46
Provision for doubtful receivables	1,773.70	2,021.85

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Provision for doubtful advances	112.76	3.00
Provision for contingencies	20.60	48.00
Provision for litigation	-	166.49
Miscellaneous expenses (includes prior period items of ₹ 1.22 lacs (previous year ₹ 1.53 lacs))	2,345.43	871.52
	117,524.77	77,044.02

NOTE 4 (xxvi) : FINANCE COSTS

Interest		
- on term loans	22,505.92	14,440.92
- on cash credit	355.28	29.93
- others	2,846.92	952.99
Bank charges	1,580.65	683.53
	27,288.77	16,107.37
Other borrowing costs		
- Arrangement fees written off	72.37	6,354.41
- Finance charges	879.84	2,537.92
	952.21	8,892.33
Exchange difference to the extent considered as an adjustment to borrowing costs	1,456.39	-
	29,697.37	24,999.70

NOTE 4 (xxvii) : DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets	16,407.25	9,249.29
Amortization of intangible assets	1,954.99	1,363.01
	18,362.24	10,612.30

NOTE 4 (xxviii) : EXCEPTIONAL ITEMS

Profit on sale of investments	632.85	34,554.29
	632.85	34,554.29

NOTE 4 (xix) : EARNINGS PER SHARE (EPS)

Profit as per profit and loss account	7,222.15	12,436.24
Weighted average number of equity shares in calculating Basic EPS	405,150,691	385,227,456
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2007 and ESOP 2011	180,702	345,349
Weighted average number of equity shares in calculating Diluted EPS	405,331,393	385,572,805

5% Foreign currency convertible bonds issued by the Company, are considered as antidilutive and accordingly, has not been considered for the computation of diluted EPS

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

5. Segment Reporting

Business Segments:

The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India.

Geographical segments:

The group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the group's operations 'Outside India' are mostly in the Australasia region focusing on South East Asia, Middle East and Australia through the group's headquarters based out of Singapore. In the Australasia region, the group primarily operates in following countries: Singapore, Hong Kong, Vietnam, Australia, Mauritius, Canada and New Zealand.

Sales by market- Revenue from external customers by location of customers

The following table shows the distribution of the Company's consolidated revenues by geographical market.

Region	Revenues by geographical segment (₹ in lacs)	
	March 31, 2012	March 31, 2011
India	246,512.07	151,929.80
Outside India	70,255.91	42,267.02
Total	316,767.98	194,196.82

Note: The operations outside India (other than Mauritius) were acquired during the year.

Carrying value of Assets and additions to tangible and intangible fixed assets- by location of assets

The following table shows the carrying amount of segment assets and additions to tangible and intangible fixed assets by geographical area in which the assets are located:

(₹ in lacs)

Region	Carrying amount of Segment assets		Additions to Fixed & Intangible assets	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
India	579,334.64	67,134.45	86,194.38	50,997.07
Outside India	663,591.60	410,252.47	63,926.37	-
Total	1,242,926.24	477,386.92	150,120.75	50,997.07

6. Related Party Disclosures

Names of Related parties (As certified by the management)

a)	Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited (formerly known as Fortis Healthcare Holdings Limited))
b)	Holding Company	Fortis Healthcare Holdings Private Limited (formerly known as Fortis Healthcare Holdings Limited) (FHHL)
c)	Subsidiary	Hospitalia Eastern Private Limited (w.e.f. October 1, 2011)

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

d)	Fellow Subsidiaries (parties with whom transactions have taken place)	Maple Leaf Buildcon Private Limited
		RHC Financial Services (Mauritius) Limited
		Fortis Healthcare Global Pte Limited
		Escorts Heart Centre Limited (w.e.f. March 4, 2011)
		Religare Wellness Limited
		Fortis Hospital Management Limited
		Medsource Healthcare Private Limited
e)	Associates	Hiranandani Healthcare Private Limited (till June 28, 2011)
		Fortis Medicare International Limited
		Sunrise Medicare Private Limited
		Fortis Emergency Services Limited (w.e.f. January 2, 2012)
		Medical and Surgical Centre Limited
f)	Joint Venture	DDRC SRL Diagnostics Private Limited (w.e.f. May 12, 2011)
		Super Religare Reference Laboratories (Nepal) Private Limited (w.e.f. May 12, 2011)
		Fortis Cauvery (w.e.f. April 27, 2011)
g)	Key Management Personnel ('KMP') and their Relatives	Mr. Malvinder Mohan Singh – Executive Chairman of FHL
		Mr. Shivinder Mohan Singh –Executive Vice Chairman of FHL
		Mr. Sukhmeet Singh Sandhu – Wholetime Director at EHRCL (till September 6, 2011)
		Mr. Surender Kumar - Wholetime Director at FHTL (From August 6, 2009)
		Mr. Sunil Kapoor- Wholetime Director at EHSSHL (till August 1, 2010)
		Dr. Ashok V Chordiya – Wholetime Director at IHL (till September 6, 2011)
		Mr. Jasdeep Singh – Wholetime Director at EHSSIL (from July 15, 2009 to February 1, 2011)
		Mr. Ashish Bhatia – Wholetime Director at EHIRCL
		Dr. Ashok Seth – Wholetime Director at EHIRCL
		Mr. Krish Ramesh- Wholetime Director at FMHL
		Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited (with effect from January 10, 2011)
		Dr. Angeli Misra (Relative of Dr. Anoop Misra)
		Dr. Lakshminarayana Raju – Wholetime Director at LHPL
		Dr. Mohan Keshavamurthy – Wholetime Director at LHPL
		Mr. Venkatramana Raju (Relative of Dr. Lakshminarayana Raju)
		Mr. Venkatakrishna Raju (Relative of KMP)
		Dr. Seetha Beladevi (Relative of Dr. Mohan Keshavamurthy)
		Dr. Sanjeev K. Chaudhry (Managing Director at SRL)

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

		Mr. Kiran C. Vaidya (Chief Operating Officer at SRL)
		Dr. Chandrasekhar GR. (Partner in Fortis Cauvery)
		Dr. Sarla Chandrasekhar (Partner in Fortis Cauvery)
		Mr. Sanjeev Vashishta (Wholetime Director at EHSSHL from August 1, 2010 to September 6, 2011)
		Ms. Nagarathan (Relative of KMP)
h)	Enterprises owned or significantly influenced by KMP or their Relatives	Fortis Nursing and Education Society
		Religare Finvest Limited
		Religare Travels (India) Limited
		Religare Technova IT Services Limited
		Oscar Investments Limited
		Malav Holdings Private Limited
		RMCRS Health Management Limited
		Aarushi Lithotripsy Private Limited
		Srinivasa Education Society
		R. M. Educational Trust
		Balaji School of Nursing
		Ranibennur College of Nursing
		Indira Priyadarshani School of Nursing
		Religare Capital Market Limited
		Religare Capital Market Plc.
		Fortis RM Pharma
		Religare Housing Development Finance Corporation Limited
		Fortis Healthcare Global II Pte Limited
		Todays Holdings Private Limited
		Dr.Chandrashekar Foundation
		Religare Housing Development Finance Company Limited
		Chethana Foundation
		Fortis Educational Society
		Sri. Raghavendra Educational Institute & Society
		Religare Technologies Limited
		Religare Aviation Limited
		Religare Voyages Business Services Private Limited
		Shivi Holdings Private Limited
		Bar Chem
		Religare Aviation Training Private Limited
		Krishna Institute of Medical Sciences Limited
		Quality Healthcare Medical Services Limited
		Fortis Clinical Research Limited

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Religare Enterprises Limited
	Dion Global Solutions Limited
	Religare Voyages Limited
	AEGON Religare Life Insurance Company Limited
	C-Doc Healthcare Private Limited
	Super Religare Laboratories Limited (upto May 11, 2011)
	Super Religare Diagonastics Private Limited (upto May 11, 2011)
	Super Religare Laboratories International FZ LLC (till January 10, 2012)
	R M Pharmacy

The disclosures in respect of Related Party Transactions are as under:

(₹ in lacs)		
Particulars	March 31, 2012	March 31, 2011
Transactions during the year		
Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation center, Rental and Pharmacy income)		
Sunrise Medicare Private Limited (Associate)	5.10	-
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	55.53	32.66
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	6.95	192.77
Medical and Surgical Centre Limited (Associate)	573.31	322.29
Fortis Hospital Management Limited (Fellow Subsidiary)	-	75.45
Medsourse Healthcare Private Limited (Fellow Subsidiary)	8.98	35.79
Religare Wellness Limited (Fellow Subsidiary)	495.06	71.43
Hiranandani Healthcare Private Limited (Associate)	-	34.60
Escorts Heart Centre Limited (Fellow Subsidiary)	173.56	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	0.70	-
Krishna Institute Of Medical Sciences Limited (Owned/ significantly influenced by KMP/ their relatives)	0.06	-
RHC Holding Private Limited (Ultimate holding company)	210.51	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	1.14	-
Religare Aviation Training Academy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	0.24	-
Super Religare Laboratories International FZ LLC (Owned/ significantly influenced by KMP/ their relatives)	176.07	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Super Religare Reference Laboratories (Nepal) Private Limited (Joint Venture)	44.39	-
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	0.26	-
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	20.65	-
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	13.59	-
Religare Voyages Limited (Owned/ significantly influenced by KMP/ their relatives)	0.02	-
DDRC SRL Diagnostics Private Limited (Joint Venture)	36.83	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	19.52	-
Management Fees		
Fortis Hospital Management Limited (Fellow Subsidiary)	5.00	-
Fortis Healthcare Global Pte Limited (Fellow Subsidiary)	149.27	-
Pathology Laboratory Expenses		
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	388.88	2,975.20
Purchase of Goods/Medical services		
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	2.54	-
Religare Enterprises Limited (Owned/ significantly influenced by KMP/ their relatives)	0.88	-
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	115.55	-
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	299.96	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	26.52	-
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	12.25	-
Medsource Healthcare Private Limited (Fellow Subsidiary)	-	375.94
Religare Wellness Limited (Fellow Subsidiary)	148.68	-
Professional Charges Paid		
Dr. Mohan Keshavamurthy (KMP)	30.00	-
Fortis RM Pharma (Owned/ significantly influenced by KMP/ their relatives)	7.08	-
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	1.66	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Rent Expenses		
Dr.Chandrashekar Foundation (Owned/ significantly influenced by KMP/ their relatives)	6.90	-
Dr. Angeli Misra (KMP)	5.40	-
Travel & conveyance		
Fortis Emergency Services Limited (Associate)	9.29	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	142.54	174.89
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	241.83	67.25
Religare Voyages Business Services Pvt Limited (Owned/ significantly influenced by KMP/ their relatives)	-	16.84
Marketing Expenses		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	128.24	-
Legal and professional fee		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	240.00	-
Fortis Emergency Services Limited (Associates)	1.44	-
Religare Capital Market Plc. (Owned/ significantly influenced by KMP/ their relatives)	-	3,445.36
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	3,277.16
Dr. Mohan Keshavmurthy (KMP)	-	27.72
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	-	5.23
Dr. Lakshmi Narayan Raju (KMP)	-	5.06
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	2.77
Repair and Maintenance Expenses		
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	-	32.77
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	6.62
Issue of Equity Shares/ Capital contribution		
Dr. Anoop Misra (KMP)	33.84	-
Dr. Angeli Misra (KMP)	58.02	-
C DOC Healthcare Pvt. Limited (Owned/ significantly influenced by KMP/ their relatives)	4.83	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Dr. Chandrashekar GR. (KMP)	137.65	-
Dr. Sarla Chandrashekar (KMP)	132.15	-
Subscription of Share Capital (including premium)		
Mr. Malvinder Mohan Singh (KMP)	-	3.91
Mr. Shivinder Mohan Singh (KMP)	-	3.91
Malav Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	-	81.86
Fortis Healthcare Holdings Private Limited (Holding Company)	-	133,719.23
RHC Holding Private Limited (Ultimate holding company)	-	74.21
Issue of Preference Share Capital		
RHC Financial Services (Mauritius) Limited	135,708.32	-
Accrual of premium on redemption of preference shares		
RHC Financial Services (Mauritius) Limited	1,471.45	-
Sale of Shares		
Fortis Healthcare Holdings Private Limited (Holding Company)	0.10	-
Redemption of Non Convertible Debentures (including premium)		
RHC Holding Private Limited (Ultimate holding company)	-	29,534.97
Loans/ advances taken		
RHC Holding Private Limited (Ultimate Holding Company)	25,400.00	65.00
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	10,000.00	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	3,000.00	-
Fortis Healthcare Holdings Private Limited (Holding Company)	-	50,300.00
Loans/ advances repaid		
RHC Holding Private Limited (Ultimate Holding Company)	142,026.56	-
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	10,000.00	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	7,710.00	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	3,000.00	-
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	-	87,545.70
Fortis Healthcare Holdings Private Limited (Holding Company)	-	50,300.00
Sri Raghavendra Educational Institute and Society (Owned/ significantly influenced by KMP/ their relatives)	-	57.26
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	-	12.99

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	-	11.49
Loans/advances given		
Hospitalia Eastern Private Limited (Subsidiary)	145.00	500.00
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	20,000.00	97,500.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	16,000.00
Religare Housing Development Finance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	-	6,000.00
Fortis Emergency Services Limited (Associates)	135.00	-
Hiranandani Healthcare Private Limited (Associate)	-	450.00
Fortis Hospital Management Limited (Fellow Subsidiary)	-	678.00
Loans/ Advances Received Back		
Hospitalia Eastern Private Limited (Subsidiary)	295.00	-
Escorts Heart Centre Limited (Fellow Subsidiary)	204.45	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	39,965.00	77,535.00
Religare Housing Development Finance Corporation Limited (Owned/ significantly influenced by KMP/ their relatives)	6,000.00	4,000.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	16,000.00	-
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	6,920.00	-
Super Religare Laboratories International FZ LLC (Owned/ significantly influenced by KMP/ their relatives)	121.42	-
Hiranandani Healthcare Private Limited (Associate)	845.04	660.00
Fortis Hospital Management Limited (Fellow Subsidiary)	-	936.50
Sri Raghavendra Educational Institute and Society (Owned/ significantly influenced by KMP/ their relatives)	75.25	159.42
Ranibenur College of Nursing (Owned/ significantly influenced by KMP/ their relatives)	-	3.00
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	60.47	-
Investments made		
Hiranandani Healthcare Private Limited (Associate)	-	500.00
Fortis Medicare International Limited (Associate)	-	47.68
Investments Sold		
Fortis Healthcare Holdings Private Limited (Holding Company)	-	7.10

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Investments of Super Religare Laboratories Limited purchased from		
Maple Leaf Buildcon Private Limited (Fellow Subsidiary)	9,775.81	-
RHC Holding Private Limited (Ultimate Holding Company)	11,280.00	-
Malav Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	13,982.18	-
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	31,348.36	-
Shivi Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	13,982.18	-
Investments of Escorts Heart Institute and Research Centre Limited purchased from		
Fortis Healthcare Holdings Private Limited (Holding Company)	13,000.00	-
Investments of Hospitalia Eastern Private Limited purchased from		
Fortis Healthcare Holdings Private Limited (Holding Company)	6.99	-
Investments of Fortis Healthcare International Pte Limited purchased from		
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	135,708.32	-
Interest expense		
Oscar Investments Limited (Owned/ significantly influenced by KMP/ their relatives)	15.21	-
RHC Holding Private Limited (Ultimate Holding Company)	99.97	18.05
Today's Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	50.82	-
Escorts Heart Centre Limited (Fellow Subsidiary)	27.37	-
Religare Aviation Limited (Owned/ significantly influenced by KMP/ their relatives)	137.03	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	151.66	-
Fortis Healthcare Holdings Private Limited (Holding Company)	-	295.61
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	-	274.75
Interest income		
Escorts Heart Centre Limited (Fellow Subsidiary)	115.55	-
Sunrise Medicare Private Limited (Associate)	4.01	-
Fortis Emergency Services Limited (Associates)	27.16	-
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	202.19	138.08
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	258.14	1,624.77

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Religare Housing Development Finance Corporation Limited (Owned/ significantly influenced by KMP/ their relatives)	75.82	201.37
Hiranandani Healthcare Private Limited (Associate)	71.43	348.60
Fortis Healthcare Global Pte Limited (Fellow Subsidiary)	14.31	-
Fortis Healthcare Global II Pte Limited (Fellow Subsidiary)	0.43	-
Dion Global Solutions Limited (Owned/ significantly influenced by KMP/ their relatives)	106.17	-
Fortis Hospital Management Limited (Fellow Subsidiary)	-	0.65
Managerial Remuneration		
Mr. Sukhmeet Singh Sandhu (KMP)	10.81	35.60
Mr. Sanjeev Vashishta (KMP)	9.66	31.68
Dr. Ashok V Chordiya (KMP)	6.31	44.82
Dr. Anoop Misra (KMP)	125.70	32.69
Mr. Shivinder Mohan Singh (KMP)	539.28	539.28
Mr. Krish Ramesh (KMP)	59.09	53.85
Mr. Surender Kumar (KMP)	38.54	36.72
Dr. Sanjeev K. Chaudhry (KMP)	146.48	-
Mr. Kiran C. Vaidya (KMP)	70.65	-
Mr. Ashish Bhatia (KMP)	99.79	93.05
Dr. Ashok Seth (KMP)	444.80	329.80
Mr. Sunil Kapoor (KMP)	-	10.60
Mr. Jasdeep Singh (KMP)	-	28.98
Directors' sitting fees		
Malvinder Mohan Singh (KMP)	2.25	1.50
Advance paid (Net):		
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	12.60	-
Fortis Educational Society (Owned/ significantly influenced by KMP/ their relatives)	52.11	-
Purchase of fixed assets		
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	7.26	-
Hiranandani Healthcare Private Limited (Associate)	-	8.49
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	-	334.76
Sale of fixed assets		
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	-	100.88

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	-	23.81
License user agreement fees		
RHC Holding Private Limited (Ultimate holding company)	1.00	1.00
Security Deposit		
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	350.00	-
Expense incurred on behalf of		
Escorts Heart Centre Limited (Fellow Subsidiary)	4.05	-
Hospitalia Eastern Private Limited (Subsidiary)	0.37	-
Fortis Hospital Management Limited (Fellow Subsidiary)	17.44	-
Fortis Cauvery (Joint Venture)	4.37	-
Hospitalia Eastern Private Limited (Subsidiary)	0.44	-
Expenses incurred on behalf of Company by		
Fortis Hospital Management Limited (Fellow Subsidiary)	128.17	-
Religare Wellness Limited (Fellow Subsidiary)	1.15	-

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Balance Outstanding at the year end		
Loans/Advance Recoverable		
Fortis Emergency Services Limited (Associates)	1,247.77	-
Fortis Medicare International Limited (Associate)	87.26	-
Hospitalia Eastern Private Limited (Subsidiary)	350.44	500.00
Escorts Heart Centre Limited (Fellow Subsidiary)	816.41	1,020.86
Fortis Hospital Management Limited (Fellow Subsidiary)	191.85	-
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	-	3.97
Religare Wellness Limited (Fellow Subsidiary)	1.62	-
Hiranandani Healthcare Private Limited (Associate)	-	2,905.75
Super Religare Reference Laboratories (Nepal) Private Limited (Joint Venture)	29.95	-
AEGON Religare Life Insurance Company Limited (Owned/ significantly influenced by KMP/ their relatives)	0.06	-
Fortis Clinical Research Limited (Owned/ significantly influenced by KMP/ their relatives)	4.34	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Quality Healthcare Medical Services Limited (Owned/ significantly influenced by KMP/ their relatives)	3.10	-
Religare Wellness Limited (Fellow Subsidiary)	43.89	7.19
DDRC SRL Diagnostics Private Limited (Joint Venture)	4.87	-
Krishna Institute Of Medical Sciences Limited (Owned/ significantly influenced by KMP/ their relatives)	0.06	-
Religare Travels (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	0.02	-
Religare Aviation Training Private Limited (Owned/ significantly influenced by KMP/ their relatives)	0.12	-
RHC Holding Private Limited (Ultimate holding company)	473.66	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	19,965.00
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	16,000.00
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	350.00	328.48
RMCRS Health Management (Owned/ significantly influenced by KMP/ their relatives)	24.40	24.41
Medical and Surgical Centre Limited (Associate)	1.50	13.77
Indira Priyadarshni School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	10.10	10.10
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	59.95	7.84
Medsources Healthcare Private Limited (Fellow Subsidiary)	-	2.46
Srinivasa Educational Society (Owned/ significantly influenced by KMP/ their relatives)	2.36	2.36
R M Educational Trust (Owned/ significantly influenced by KMP/ their relatives)	2.00	2.00
Ranibennur College of Nursing (Owned/ significantly influenced by KMP/ their relatives)	1.05	1.05
Balaji School of Nursing (Owned/ significantly influenced by KMP/ their relatives)	0.44	0.44
Unsecured Loans		
RHC Holding Private Limited (Ultimate holding company)	982.50	165.00
Dr. Lakshmi Narayan Raju (KMP)	54.56	54.56
Dr. Mohan Keshavmurthy (KMP)	4.21	4.21
Dr. Seetha Beladevi (relative of KMP)	2.70	2.70
Ms. Nagarathan (KMP)	5.00	5.00

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Mr.Venkatakrishna Raju (KMP)	10.00	10.00
Todays Holdings Private Limited (Owned/ significantly influenced by KMP/ their relatives)	450.00	-
Trade Receivables		
Escorts Heart Centre Limited (Fellow Subsidiary)	4.63	-
Sunrise Medicare Private Limited (Associate)	6.62	-
Medical and Surgical Centre Limited (Associate)	187.73	233.49
Religare Wellness Limited (Fellow Subsidiary)	21.12	37.67
Fortis Nursing and Education Society (Owned/ significantly influenced by KMP/ their relatives)	21.60	6.90
Hiranandani Healthcare Private Limited (Associate)	-	73.60
Other Current Assets		
Fortis Emergency Services Limited (Associates)	115.81	-
Hiranandani Healthcare Private Limited (Associate)	-	160.10
Religare Capital Market Limited (Owned/ significantly influenced by KMP/ their relatives)	-	124.27
Escorts Heart Centre Limited (Fellow Subsidiary)	117.54	-
Religare Finvest Limited (Owned/ significantly influenced by KMP/ their relatives)	-	38.33
Trade Payables and Other Liabilities		
Religare Technova IT Services Limited (Owned/ significantly influenced by KMP/ their relatives)	24.71	66.70
Religare Wellness Limited (Fellow Subsidiary)	9.86	-
Fortis Emergency Services Limited (Associates)	22.23	-
Super Religare Laboratories Limited (Owned/ significantly influenced by KMP/ their relatives)	-	452.37
R M Pharmacy (Owned/ significantly influenced by KMP/ their relatives)	5.87	16.46
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	-	13.41
Dr. Mohan Keshavmurthy (KMP)	1.97	2.27
Dr. Lakshmi Narayan Raju (KMP)	2.19	2.19
Dr. Venkatramana Raju (relative of KMP)	-	1.29
Dr. Seetha Beladevi (relative of KMP)	-	0.66
Religare Technologies Limited (Owned/ significantly influenced by KMP/ their relatives)	24.29	-
Bar Chem (Owned/ significantly influenced by KMP/ their relatives)	6.90	-
Religare Travel (India) Limited (Owned/ significantly influenced by KMP/ their relatives)	23.33	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Fortis Cauvery (Joint Venture)	3.64	-
Aarushi Lithotripsy Private Limited (Owned/ significantly influenced by KMP/ their relatives)	0.17	-
Chethana Foundation (Owned/ significantly influenced by KMP/ their relatives)	9.51	-
Fortis Healthcare Holdings Private Limited (Holding Company)	341.50	-
Interest Accrued but not due (Liability)		
RHC Financial Services (Mauritius) Limited (Fellow Subsidiary)	1,443.08	-
Fortis Medicare International Limited (Associate)	1.50	-
Investments		
Sunrise Medicare Private Limited (Associate)	0.31	0.31
Medical and Surgical Centre Limited (Associate)	1,528.87	1,340.25
Fortis Medicare International Limited (Associate)	53.72	47.68
Hiranandani Healthcare Private Limited (Associate)	-	2,040.00
Debenture		
RHC Holding Private Limited (Ultimate holding company)	2,500.00	1,000.00
Escorts Heart Centre Limited (Fellow Subsidiary)	910.00	-
Corporate guarantee given for loans availed by others		
Hirandani Healthcare Private Limited (Associate)	-	6,000.00
Personal Guarantees for the loans taken		
Mr. Shivinder Mohan Singh (KMP)	5,000.00	-
Mr. Malvinder Mohan Singh (KMP)	5,000.00	-

7. Leases**(a) Assets taken on Finance Lease**

The Group has finance leases and hire purchase contracts for various items of plant and machinery and medical equipment. These leases have terms of renewal as agreed between the parties at the option of the Group. There is no escalation clause in the agreement. There are no restrictions imposed by the lease agreements. The total finance charges paid in respect of such leases recognize in the Statement of profit and loss during the year are ₹ 176.38 lacs (Previous year ₹ Nil). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Not later than one year	1,325.08	1,195.26	-	-
Later than one year but not later than five years	1,463.16	1,327.89	-	-
Later than five years	69.80	37.07	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(b) Assets taken on Operating Lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. In all the cases, the agreements are further renewable at the option of the respective group company. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The leases are both cancelable and non-cancelable in nature and the total lease payments in respect of such leases recognized in the statement of profit and loss for the year are ₹ 11,846.86 lacs (Previous Year ₹ 3,490.23 lacs) and capitalized during the year ₹ 3,209.80 lacs (Previous Year ₹ 429.59 lacs). The total future minimum lease payments under the non-cancelable operating leases are as under:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Minimum lease payments:		
Not later than one year	21,720.18	2,357.86
Later than one year but not later than five years	48,169.19	9,445.50
Later than five years	11,620.55	6,330.00

(c) Assets given on Operating Lease

- (i) The Group has sub-leased some portion of hospital premises and certain medical equipments. In all the cases, the agreements are further renewable at the option of the respective group company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. All these leases are cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year are ₹ 1,437.71 lacs (Previous Year ₹ 573.57 lacs).

A subsidiary of the Company has leased out some portion of hospital premises for a period of 10 years from December 24, 2004. The agreement is further renewable at the option of the company. The rent has been increased by 20% w.e.f. January 1, 2010. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year is ₹ 175.50 lacs (Previous Year ₹ 252.37 lacs).

- (ii) The Company has leased out certain capital assets on operating lease to a Trust managing hospital operations and one of its associate. The lease term is for 3 years and thereafter renewable at the option of the Company. There are no restrictions imposed by the lease arrangements and the rent is not determined based on any contingency. There is no escalation clause in the lease agreements. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012			March 31, 2011		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Software	116.34	106.19	10.15	3.46	2.4	1.06
Plant & Machinery	49.75	30.05	19.7	96.66	47.19	49.47
Medical Equipments	3,937.50	1,483.38	2,454.12	3,486.15	1,226.33	2,259.82
Furniture & Fittings	154.75	91.8	62.95	154.75	85.1	69.65
Computers	116.34	106.19	10.15	116.34	88.88	27.46
Office Equipments	27.38	7.75	19.63	27.38	6.48	20.9
Vehicles	42.5	15.16	27.34	37.25	18.24	19.01
Total	4,444.56	1840.52	2604.04	3,921.99	1,474.62	2,447.37

The total lease payments received in respect of such leases recognized in the statement of profit and loss for the year are ₹ 825.12 lacs (Previous Year ₹ 749.31 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Minimum Lease Payments receivable-		
Not later than one year	212.84	865.73
Later than one year but not later than five years	-	216.43

8. Borrowings

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non-current	Current	Non-current	Current
I Long term borrowings including current maturities				
A. Term loan from banks - Secured:				
The loan was taken during the financial year ending March 31, 2009 and carries interest @11.25% to 14.25% per annum. It was secured by way of first charge over the assets financed. The Loan is repayable in 60 equated monthly installments of ₹ 1.83 lacs each starting July 2008.	5.39	20.04	25.42	17.78

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
The Loan is secured against exclusive charge on entire fixed assets and current assets of Fortis Cauvery, the partnership firm, both current and future. The loan is further guaranteed by Personal Guarantee of Dr. Chandrasekhar and Dr. Sarla Chandrasekhar, partners of Fortis Cauvery and corporate guarantee of Fortis Hospitals Limited. It carries interest @14 % p.a. The loan will be repaid with in six years with a moratorium period of one year, in 59 monthly installments from January 2013 of ₹ 8.33 lacs and last monthly installment of ₹ 8.53 lacs.	177.75	12.75	-	-
The loan was taken during the financial year 2008-09 and carried interest @13.50% per annum. Term Loan was secured by first charge by way of hypothecation of specific assets of FHTL. The Loan was repayable in 30 structured quarterly installments.	-	-	1,200.00	-
The loan is secured against immovable properties, stocks and book debts of LHPL. The loan is further guaranteed by FHsL. The loan is repayable over twenty quarterly installments, commencing from November 20, 2011 amounting to ₹ 57.49 lacs per quarter (after adjustment of ₹ 350.75 lacs prepaid) and carries interest at the rate of bank base rate +200 bps (12.30% as on 31 March 2012).	861.81	229.95	-	-
Previous year's term loan was secured against immovable properties, medical equipments and other assets acquired out of the term loan. The loan was repayable over twenty quarterly installments commencing from June 24, 2011 amounting to ₹ 83.33 lacs and was carrying interest at 14.00% p.a. The loan was fully repaid on June 25, 2011.	-	-	1,166.67	333.33
The loan carries a rate of interest @ 7.25% to 14.25% per annum and is repayable in 424 monthly installments (ranging from ₹ 2.17 lacs to ₹ 4.11 lacs each) along with interest from the date of loan viz., February 10, 2006. The loan is secured by first charge on the residential flats of HHPL.	340.31	0.85	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
The loan carries a rate of interest BPLR - 0.75% and is repayable in equal monthly installments of ₹ 34 lacs by September 2016. It is secured by mortgage of leasehold rights of the hospital property and hypothecation of all equipments, medical equipments, furniture/interiors. It is further secured by pledge of 6,923,500 equity shares of FHL held by Fortis Healthcare Holdings Private Limited, the holding company and a corporate guarantee by FHL.	1,421.00	408.00	-	-
The loan was taken during the financial year 2008-09 carries a rate of interest @12.15% per annum and is repayable in 20 equal quarterly installments of ₹ 27.10 lacs each from the date of loan. The loan is secured by first charge on the Medical Equipments of HHPL purchased out of the loan amount. It is further secured by a corporate guarantee by FHL.	24.45	108.41	-	-
The loan was taken during the financial years 2009-10 and 2010-11 and carries interest @10.75% per annum. It is repayable in 60 monthly installments to commence after 12 months moratorium from disbursement of each tranche. The loan is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL. Further, the loan is secured by corporate guarantee by IHL.	298.15	86.04	463.67	96.65
The loan was taken during the year and carries interest @13.50% per annum. It is repayable in 36 monthly installments. The loan is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL. Further, the loan is secured by corporate guarantee of IHL.	157.21	78.80	-	-
The loan was taken during the financial year 2010-11 and carries interest @ 11.75% per annum. It is secured on first pari passu charge on the assets (moveable and immoveable) of certain hospitals of FHsL. It is further secured by Corporate Guarantee issued by FHL and its subsidiary KHL. The loan is repayable on following dates: January 29, 2013 of ₹ 7,500 lacs, January 29, 2014 of ₹ 7,500 lacs and on January 29, 2015 of ₹ 5,000 lacs.	12,500.00	7,500.00	20,000.00	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
The loan was taken during the financial year 2009-10 and carries interest @11.80% p.a. It is secured by a equitable mortgage charge on land and building of EHRCL. The loan is repayable in quarterly installments over three years beginning from December 16, 2011.	-	3,750.00	3,750.00	5,000.00
The loan was taken during the financial year 2009-10 and carries interest @ 12.00% per annum. It is secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and leased by FHL. It is further secured by Corporate Guarantee issued by FHL. The loan is repayable in quarterly installments of ₹ 535.71 lacs each over eight years are beginning from December 16, 2011.	10,178.59	2,142.84	12,321.43	2,142.86
The loan was taken during the financial year 2009-10 and carries interest @ 12.00% per annum. It is secured on first pari passu charge on the assets (moveable and immoveable) of hospitals owned and leased by FHL. It is further secured by Corporate Guarantee issued by FHL. The loan is repayable in quarterly installments of ₹ 416.66 lacs each over three years are beginning from December 16, 2011.	1,250.03	1,666.64	2,916.67	1,666.67
The loan was taken during the year and carries interest @ 11.20% per annum. It is secured by a first charge on all fixed assets of SRL, excluding specific vehicles and equipments financed by other bodies corporate, through finance lease, hire purchase arrangements and others, both present and future and is guaranteed by FHL. Further, these loans are secured by way of a second charge on SRL's entire current assets, both present and future. Loan amount is repayable in 17 quarterly unequal installments commencing from February 25, 2013.	3,857.00	143.00	-	-
The loan was taken during the financial years 2008-09 and 2009-10 and carries interest @ 11.30% to 15.00% per annum. It is secured by a first charge on all fixed assets of the Company, excluding specific vehicles and equipments financed by other bodies corporate, through finance lease, hire purchase arrangements and others, both present and future. loans are also secured by way of a second charge on the Company's entire current assets, both present and future. Loans are repayable as follow:	29.17	431.03	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
a) Loan amount of ₹ 2849 lacs is repayable in 36 monthly installments with moratorium of 12 months from date of loan.				
b) Loan amount of ₹ 350 lacs is repayable in 312 quarterly installments with moratorium of 12 months from date of loan				
The loan was taken during the year and carries interest @ 12.25% per annum. It is secured by way of a first charge on the laboratories equipments, which have been purchased against these loans. Loan amount is repayable in 57 monthly equal installments with moratorium period of three months commencing from March 1, 2012.	442.23	90.06	-	-
The loan from bank was taken during the year carries interest rate between 1.52% to 4.25% per annum and is repayable by March 2015. The loan is secured by first ranking fixed and floating charges over the assets and undertaking, interlocking cross guarantees and indemnities of FHIPL and its subsidiaries. Further, secured by first ranking mortgage over the shares held by FHIPL. Also, secured by real property mortgages over any freehold and any long term leasehold interest of FHIPL and its subsidiaries.	74,765.37	10,834.62	-	-
The loan from bank was taken during the year carries interest rate between 12% to 20.5% per annum and is repayable by January 2021. The loan is secured by a charge over certain property, plant and equipment of the group carrying amount of ₹ 13,690.72 lacs.	5,970.27	605.78	-	-
Total (A)	112,278.73	28,108.81	41,843.86	9,257.29

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
B. Term loan from body corporates - Secured:				
The loan was taken during the year and is secured by a first pari passu charge by way of mortgage of the FHL's immovable properties, present and future. Further secured by a first pari passu charge by way of hypothecation of the Company's movable assets, including movable machinery, machinery spares, tools and accessories, present and future. Also, secured by a second pari passu charge by way of hypothecation on the Company's book debts, operating cash flows and the receivables and revenues, current assets commissions and revenues of whatsoever nature and wherever arising, both present and future. Further, there is an exclusive pledge of shareholding of the Company in Super Religare Laboratories Limited in favor of the lender, to the extent of at least 2 times of the facility amount, to be maintained at all times during the subsistence of the facility. The rate of interest for each tranche of facility shall be 12.25% per annum, payable monthly. The loan is repayable in 84 structured monthly installments, after a moratorium of 12 months from the date of first disbursement.	17,033.33	466.67	-	-
The loan was taken during the year ended March 31, 2007 and the loan was secured by first charge by way of hypothecation of specific equipments of FHL. The Loan is repayable in 60 monthly installments, after a moratorium of 12 months and has been fully repaid in the month of February 2012. The loan carried interest rate of 10.75% per annum.	-	-	-	342.49
The loan was taken during the financial year 2003-04 and carries interest @10% to 12.52% per annum. It is secured by first charge by way of hypothecation of specific equipments of EHSSHL. The Loan is repayable in 22 structured quarterly installments upto March 15, 2014.	230.86	180.00	410.84	150.00
The loan was taken during the financial year 2008-09 and carries interest @13% per annum. It was secured by first charge by way of hypothecation of specific equipments of EHSSHL. The Loan is repayable in 42 structured monthly installments upto February 5, 2012.	-	-	-	8.01

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
The loan was taken during the financial year 2009-10 and carries variable interest @ BPLR minus (-) 2.25% per annum. It is secured by first charge by way of hypothecation of specific assets of FHTL. The Loan is repayable in 30 structured quarterly installments commencing from April, 2013.	5,000.00	-	5,000.00	-
The loan was taken during the financial year 2010-11 and carries interest @11.25% to 14.25% per annum. The loan is secured by first charge by way of hypothecation of specific equipments of IHL. The Loan is repayable in 85 monthly installments starting January 2010.	390.00	92.54	482.53	88.14
The loan is taken during the financial year 2010-11 and carries interest @ 8% per annum and are secured by way of a first charge on the fixed assets, which have been purchased against these loans. Loan amount is repayable in 60 monthly equal installments along with interest from the date of loan viz., October 5, 2010.	710.55	238.08	-	-
The loan is taken during the year and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 10.25%. The loan is repayable in 48 monthly installments of ₹ 7.36 lacs along with interest from the date of loan viz., September 28, 2011.	187.41	64.48	-	-
The loan is taken during the year and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 9.75%. The loan is repayable in 60 monthly installments of ₹ 9.08 lacs along with interest from the date of loan viz., June 21, 2011.	352.27	92.08	-	-
The loan is taken during the year and is secured by way of first charge on the fixed asset, which has been purchased against this loan. The loan is carrying interest @ 9.75% per annum. The loan is repayable in 60 monthly installments of ₹ 10.95 lacs along with interest from the date of loan viz., December 6, 2010.	256.22	80.74	-	-
The loan is taken on January 25, 2012 with moratorium period of 12 months towards repayment of principal and carries interest @ 11.50%. The loan is repayable in 17 quarterly installments of ₹ 26.47 lacs each after the moratorium period along with interest. The loan is secured by hypothecation of fixed assets of the SRDPL.	4,235.29	264.71	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
The loan is carrying interest @ 3.15% per annum and is repayable by March 2017. The loan is secured by a charge over plant and equipment of FHIPL and its subsidiaries with carrying amount of ₹ 1,976.16 lacs. Further, secured by pledge of fixed deposits of ₹ 202.81 lacs.	989.02	633.44	-	-
Total (B)	29,384.95	2,112.74	5,893.37	588.64
C. Finance lease obligation - Secured:				
The lease obligation is taken during the year. The loan is repayable over seven years in equated monthly installments and carries the rate of interest of 10.52%. Loan is secured by Medical Equipment taken on lease.	152.54	44.53	-	-
The lease obligation is taken during the year and is secured by way of hypothecation of laboratory equipments in favor of lessor purchased from the loan. The loan is carrying interest @ 12% per annum. The obligation is repayable in 60 monthly lease rental commencing from April 1, 2010.	235.26	98.58	-	-
The lease obligation is taken during the year carries interest rate of 6% per annum is secured by the lessor's title to the leased assets and a corporate guarantee by a subsidiary of FHIPL.	977.16	1,052.15	-	-
Total (C)	1,364.96	1,195.26	-	-
D. Hire purchase loans from banks - Secured:				
Vehicle loan is secured by way of hypothecation of the vehicles financed. The loan carries rate of interest from 8.35% to 10.94% p.a. and repayable over the four years on equated monthly installment	39.99	32.38	34.99	20.18
The loan is secured against hypothecation of the specific vehicles purchased. The loan is repayable in monthly equal installments along with interest commencing from date of loan.	24.87	51.21	-	-
Total (D)	64.86	83.59	34.99	20.18
E. Deferred credit facility - Secured:				
This facility was taken in the financial year 2011-2012 and carries interest @ 9% per annum for the first year and SBI Base rate plus (+) 50 BP for subsequent years. The facility is secured by first charge by way of hypothecation of specific equipments of FHM(N)L. The Loan is repayable in 20 structured quarterly installments commencing from April 15, 2013.	1,504.61	188.79	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non-current	Current	Non-current	Current
The facility was taken in the financial year 2011-2012 and carries interest @ 9% per annum for the first year and SBI Base rate plus (+) 50 BP for subsequent years. The facility is secured by first charge by way of hypothecation of specific equipments of FHTL. The Loan is repayable in 20 structured quarterly installments commencing from April 2012.	1,313.01	97.17	-	-
Total (E)	2,817.62	285.96	-	-
F. Convertible bonds - Unsecured:				
During the year 2009-10, Hoan My Medical Corporation issued 180 Convertible bonds of VND 10,000 lacs each. The bonds are convertible into 6,301,959 shares on September 9, 2013.	4,380.64	-	-	-
Total (F)	4,380.64	-	-	-
G. Optionally convertible debentures - Unsecured:				
HHPL had issued 2,500,000 Zero percent Optionally Convertible Debentures of ₹ 100 each to RHC Holding Private Limited during the year ending March 31, 2011 on following terms and conditions:-	2,500.00	-	-	-
i) The Debentures (until redeemed or until option for conversion into equity shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into equity shares before the expiry of five years from the date of allotment, the Company shall pay simple interest @8% p.a. from the date of allotment till the date of redemption.				
ii) The Debenture holder will have an option to seek conversion of each fully paid debenture into 10 fully paid equity shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment.				
iii) Each debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semi annual installment of ₹ 25 each beginning from the end of 5th year, from the date of allotment.				

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
FESL had issued 1,000,000 Zero percent Optionally Convertible Debentures of ₹ 100 each to RHC Holding Private Limited during the year ending March 31, 2011 on following terms and conditions:-	-	-	1,000.00	-
i) The Debentures (until redeemed or until option for conversion into equity shares is exercised by the debenture holder) will not carry any interest till the end of five years from the date of allotment. In case the debentures are not redeemed/ converted into equity shares before the expiry of five years from the date of allotment, the Company shall pay simple interest @8% p.a. from the date of allotment till the date of redemption.				
ii) The Debenture holder will have an option to seek conversion of each fully paid debenture into 10 fully paid equity shares of ₹ 10 each. The debenture holder can exercise the conversion option for part or full holding at any time beginning from the date of allotment and ending on the completion of 5th year from the date of allotment.				
iii) Each debenture outstanding at the end of 5th year from the date of allotment will be redeemed in four equal semiannual installment of ₹ 25 each beginning from the end of 5th year, from the date of allotment.				
Total (G)	2,500.00	-	1,000.00	-
H. 5% Foreign currency convertible bonds - Unsecured:				
FHL had issued 5% Foreign currency convertible bonds which are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares. The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.	50,944.90	-	44,587.20	-
Total (H)	50,944.90	-	44,587.20	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non-current	Current	Non-current	Current
I. 4% Compulsory convertible debentures - Unsecured:				
HHPL has issued 91, 4% Compulsorily Convertible Debentures (CCD) of ₹ 1,000,000 each to Escorts Heart Centre Limited during the period March 1, 2011 to March 5, 2011. On the date of maturity i.e. March 5, 2016, each CCD shall be converted into equity shares by issuance of 2,000 equity shares of ₹ 10 each at a premium of ₹ 490 per share. For the purpose of the conversion of debentures into equity shares, the valuation has been arrived on the basis of the average of the price arrived by using the discounted cash flow method, Earning Value/ Earnings Before Interest Tax and Depreciation multiple and Earning Value/ Sales multiple.	910.00	-	-	-
Total (I)	910.00	-	-	-
J. Non- Convertible Debentures - Unsecured:				
10% Redeemable Non- Convertible Debentures of ₹ 100,000 each, redemption upon earlier of (1) or (2)	16,500.00	-	-	-
1. later of (i) a day within 30 days from the date on which the actual listing of the shares of SRL on a stock exchange occurs following receipt of the final listing and trading approval from the stock exchange or (ii) 13 months from the Issue date;				
2. the expiry of 36 months from the issue date.				
Total (J)	16,500.00	-	-	-
K. Term loan from banks - Unsecured:				
The loan has been taken during the year 2005-06 and carries interest rate of HIBOR+4.5% p.a. The loan is repayable by December 2016. The loan is secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries of FHIPL.	12,549.36	3,315.63	-	-
The loan has been taken during the previous year. It carries the rate of interest 5.10% p.a. and repayable over the equated monthly installments of AED 2,234 starting from January 2011 to December 2014.	-	8.50	-	-
Total (K)	12,549.36	3,324.13	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012		March 31, 2011	
	Non -current	Current	Non -current	Current
L. Preference share capital - Unsecured:				
FAHPL has issued 262,120,642 Class B Redeemable Preference Shares of USD 1 each on January 11, 2012 to RHC Financial Services (Mauritius) Limited as consideration for purchase of 100% stake in FHIPL. Preference Shares are redeemable at premium of 5% p.a. after 18 months from the date of issue.	133,633.69	-	-	-
Total (L)	133,633.69	-	-	-
M. Factoring financing - Unsecured:				
The financing of \$323,980 is secure over the Group's trade receivables and a corporate guarantee from the Company. The Group received an advance at the discretion of the financial institution, up to a limit of \$2,000,000 and not exceeding 80% against eligible receivables. The advances received from the financial institution bear an effective interest rate of 5.25% per annum and a monthly factoring fee of 0.5% of gross invoice value with a monthly minimum charge of \$1,800.	-	266.05	-	-
Total (M)	-	266.05	-	-
TOTAL (I=A+B+C+D+E+F+G+H+I+J+K+L+M)	367,329.71	35,376.54	93,359.42	9,866.11

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
II. Short term borrowings		
N. Bank overdrafts - Secured:		
The facility is at interest of 10.25% per annum and is secured against the first charge on current assets of EHIRCL and the second charge on the Corporate Guarantee given by the FHL.	1,344.93	-
The facility is at interest of 10%-11.75% per annum and secured against the first equitable mortgage charge on land, building and immoveable fixed assets of EHRCL and the Corporate Guarantee given by FHL.	-	1,195.80
This facility is at interest of 15% per annum and is repayable on demand. It is secured by sole and exclusive charge on all fixed assets and current assets both present and future, including land and building, medical assets and plant and machinery of FMHL.	150.96	105.25
This facility is secured by way of first pari passu charge over moveable fixed assets at Mohali hospital of FHL. Further, secured by first pari passu charge over stocks and book debt. It carries interest ranging from 12.50% to 13.00% per annum.	1,266.05	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
The facility carries the rate of interest of 2.80% over base rate and secured against immoveable property, stocks and book debts of LHPL. The facility is further guaranteed by FHsL.	175.80	150.90
The facility is secured by first charge by way of hypothecation of hospital land at Faridabad of EHRCL. The rate of interest on the said facility was 9.75% to 11.25 % p.a.	-	182.80
Total (N)	2,937.74	1,634.75
O. Cash credit - Secured:		
The facility is secured by hypothecation of stocks and book debts of FHsL and carries interest @ 12.50% per annum.	424.11	409.31
The facility is secured by way of first charge on SRL entire current assets. They are further secured by way of a second charge on the SRL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future.	1,264.59	-
The facility is secured by way of first charge on the SRL's entire current assets. They are further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The facility is guaranteed by FHL.	924.25	-
The facility is secured by way of first charge on the SRLDPL's entire current assets. They are further secured by way of a second charge on the SRLDPL's fixed assets, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future. The facility to the extent of ₹ 1,000 lacs is guaranteed by SRL and RHC Holding Private Limited.	868.14	-
Total (O)	3,481.09	409.31
P. Loan from banks - Secured:		
The loan was taken during the year and carries interest at Banks Base rate plus 1% per annum which was at 11.39% per annum for the current year. The loan is secured by way of first pari passu charge on current and fixed assets (both present and future) of IHL, Gurgaon Hospital and Shalimar Bagh Hospital owned by FHTL. Further, Secured by first pari passu charge on cash flows of the IHL, KHL, EHIRCL and FHML. Further, secured by negative lien on immoveable fixed assets of EHIRCL and non disposal undertaking in respect of entire shareholding held by FHL in the share capital of SRL. The loan is further secured by unconditional and irrevocable corporate guarantees of FHL, FHTL and FHM(N)L. The loan is repayable in 10 structured annual installments after a moratorium period of 12 months from the date of disbursement.	41,000.00	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
The loan was taken during the financial year 2003-04 for ₹ 4,400 lacs and 2006-07 for ₹ 1,000 lacs and carries interest @11.25% to 14.25% per annum. The loan was secured by way of first and exclusive hypothecation/ mortgage charge on the existing and future movable and immovable fixed assets of IHL. The Loan was repayable in half yearly installments of ₹ 540 lacs each starting December, 2007.	-	1,528.99
Total (P)	41,000.00	1,528.99
Q. Buyer's credit - Secured:		
The facility is secured against charge of specific assets of a fellow subsidiary, Escorts Hospital and Research Centre Limited. The facility is repayable in the Financial Year 2012-13.	1,132.61	-
Total (Q)	1,132.61	-
R. Loan from body corporates - Unsecured:		
The loan was taken during the year 2010-11 and carries interest rate @11% to 13% per annum and is repayable on demand on or before March 31, 2013.	450.00	450.00
The loan was taken during the year 2010-11. The loan carries interest rate @11 % per annum and is repayable on demand on or before March 31, 2012.	-	50.00
Interest free loan has been taken from RHC Holding Private Limited during the year ending March 31, 2007, the ultimate holding company. The loan is repayable on demand.	794.50	794.50
The loan has been taken during the current year from RHC Holding Private Limited, the ultimate holding company carries interest @ 13.5% p.a. The loan is repayable on demand.	188.00	-
Loan is interest free loan and is repayable on demand.	76.47	76.47
The loan was taken from RHC holding private Limited during the year 2009-10, carrying interest rate 11% pa and is repayable on demand.	-	165.00
The interest free loan was taken from Fortis Medicare International Limited during the year 2010-11 and is repayable on demand.	6.12	5.55
The loan has been taken during the year 2005-06 carries interest rate of HIBOR+4.5% p.a. and is repayable by December 2016. The loan is secured by a charge over debt service reserve account and corporate guarantee of some of the subsidiaries within the group.	669.57	-
The loan has been taken from RHC Financial Services (Mauritius) Limited and is repayable on demand or by March 31, 2014. It carries interest @ 6% per annum.	22,559.64	-
Total (R)	24,744.30	1,541.52

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
S. Loan from banks - Unsecured:		
The loan carries interest @ 9.75% to 12.60% per annum and is repayable within 3 months of draw down. Credit facilities from Bank is secured by personal guarantees from Malvinder Singh and Shivinder Singh.	3,500.00	-
The loan was taken during the year and carries interest @ SIBOR + margin 3.75% repayable within 4 months from the date of drawdown.	3,502.97	-
The loan was taken during the year and carries interest @ LIBOR + margin 2.82 to 3.3% per annum. The loan is repayable by February 2013. It is secured by corporate guarantee of RHC Financial Services (Mauritius) Limited.	119,756.12	-
Total (S)	126,759.09	-
T. Buyer's credit - Unsecured:		
The facility carries interest @ 2.55% to 2.79% and is repayable on or before March 31, 2013.	139.07	-
Total (T)	139.07	-
U. Bills discounted - Unsecured:		
The facility was taken during the year and carries interest @ 11.50% to 11.75% for a period of 90 to 180 days from the date of invoice. FHL has given an irrevocable corporate guarantee for the exposure.	3,066.29	-
The facility was taken during the year by FHsL. FHL has provided a corporate guarantee for the exposure.	1,500.00	-
Total (U)	4,566.29	-
V. Commercial Paper - Unsecured:		
The facility of ₹ 2,500 lacs and ₹ 5,000 lacs carries interest @ 12.75% to 14% per annum and are redeemable on July 10, 2012 and June 20, 2012 respectively.	7,500.00	-
The commercial paper carries interest @ 11.25% and will mature with in a period of 6 months ending on June 27, 2012.	40,000.00	-
Total (V)	47,500.00	-
W. Non- Convertible Debentures - Unsecured:		
FHL had issued 11% Non Convertible Debentures on March 22, 2012 redeemable at par, bullet redemption at the end of six months from the date of allotment. The debentures are secured by way of first pari passu charge over the property of the Company located in State of Gujarat. However the security was furnished in the month of May 2012.	30,000.00	-
Total (W)	30,000.00	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
X. Preference share capital - Unsecured:		
SRL had allotted 5,500,000 Non- Cumulative Redeemable Preference Shares on August 20, 2010 to Oscars Investments Limited of ₹10 each at a premium of ₹190 each. It carries coupon rate @ 0% and is redeemable at premium which would ensure 10% annualized yield to the preference shareholders within 20 years from the date of allotment at the discretion of the Board of Directors in one or more tranches.	550.00	-
SRL had allotted 4,500,000 Non- Cumulative Redeemable Preference Shares on February 3, 2011 to Maple Leaf Buildcon Private Limited at face value of ₹ 10 each. It carries coupon rate @ 0% and is redeemable at premium which would ensure 12% annualized yield to the preference shareholders within 20 years from the date of allotment at the discretion of the Board of Directors in one or more tranches.	450.00	-
The same represents the proportionate shares of preference share capital of DDRC SRL Diagnostics services Private Limited, a joint venture of the Company held through SRL, consisting of ₹ 675 lacs Zero coupon preference shares of Rs 10/- each issued on September 11, 2006 redeemable after 20 years at par or at such premium as decided by Board of Directors.	337.50	-
Total (X)	1,337.50	-
TOTAL (II=N+O+P+Q+R+S+T+U+V+W+X)	283,597.69	5,114.57

9. Capital Commitments and Other Commitments

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 2,371.76 lacs (Previous Year ₹ 1,953.18 lacs))	19,842.15	7,494.34
Estimated amount of contracts remaining to be executed on revenue account	625.25	215.72

For commitments relating to lease arrangements, refer note 7

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**10. Contingent Liabilities (not provided for) in respect of:**

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases.	4,657.95	2,460.85
Bank Guarantee given by one of the subsidiary against Fixed Deposit.	10.00	-
Premium for Redemption premium of US\$ 100 Million 5% foreign currency convertible bonds due 2015.	603.13	244.58
In respect of a subsidiary (EHIRCL), Income tax litigations for various years are pending, as further explained in detail in note 12 below. The amounts are without considering the demand of ₹ 10,102.04 lacs (Previous Year ₹ 10,102.04 lacs) raised twice in respect of certain years and after adjusting ₹ 13,760.88 lacs (Previous Year ₹ 13,364.86 lacs) for which the company has a legal right to claim from erstwhile promoters. In view of the management, the eventual outcome of the above matters cannot presently be estimated.	9,793.62	9,703.07
In respect of a subsidiary (EHIRCL), Customs duty/ Penalty for mis declaration of imported goods, case for which is pending with Central Excise and Service Tax Appellate Tribunal (refer note 13 below). In view of the management, the eventual outcome of the above matters cannot presently be estimated.	770.27	770.27
A subsidiary company of the Company (SRL) has received a show cause cum demand notice dated April 20, 2007 for ₹ 81.44 lacs (Previous year ₹ 81.44 lacs) in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on May 8, 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the subsidiary. Accordingly, no provision in respect of the said demand is considered in the books.	81.44	-

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A subsidiary of the Company (SRL) is currently under litigation with the Income tax department against certain income tax demands totaling to ₹ 3,390.12 lacs (net of advances) in relation to Assessment years 2007-08, 2008-09 and 2009-10. These demands are for non-deduction of withholding taxes on the payments made by the subsidiary of discounts to its collection centers and certain other miscellaneous matters, raised by the Income Tax department. The subsidiary has deposited ₹ 350.00 lacs against the said demands during the previous year. For the AY 2006-07 subsidiary has preferred an appeal before the Income Tax Appellate Tribunal (ITAT), New Delhi, The tribunal vide order dated Dec 16, 2011 had passed an order in favor of subsidiary against the disallowances of ₹ 158.20 lacs. For the AY 2007-08, 2008-09 & 2009-10, the management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. Accordingly, it has filed an appeal against these orders and has not considered need for any provision for the purpose of preparation of its accounts.	3,390.12	-
A subsidiary of the Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Year 2008-09 and 2009-10 aggregating to ₹ 291.19 lacs and ₹ 134.56 lacs respectively for non-deduction of taxes in respect to payments covered in Form 24Q and Form 26Q. The subsidiary's appeal is pending before CIT (A). The management is of the view that the demand is not tenable and no economic outflow is expected against the same.	425.75	-
The Subsidiary Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Year 2008-09, 2008-09 aggregating to ₹ 457.04 lacs and ₹ 531.80 lacs for non-deduction of taxes under the provisions of section 194H. The subsidiary's appeal is pending before CIT(A). The management is of the view that the demand is not tenable and no economic outflow is expected against the same.	988.84	-
Bank guarantee issued by the one of subsidiary of the company (SRL) as a security deposit to a customer.	27.00	-
Bank guarantee issued by a joint venture (DDRC SRL Diagnostics Private Limited) as a security deposit to customer as on March 31, 2012 were ₹ 2.33 lacs	1.16	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

A subsidiary of the company (SRLDPL) has disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit from inception till November 2002 as "Pathlabs" were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, an amount of ₹ 54.00 lacs has been provided in the books from the period commencing December 1, 2000 being the date from which the ESIC sent a notice claiming liability of ESIC on subsidiary company Kolkata unit.	54.00	-
Joint venture (DDRC SRL Diagnostics Private Limited) is currently under litigation with the Income Tax department against certain income tax disallowances amounting to ₹ 122.64 lacs in relation to assessment year 2008-09, 2009-10. These disallowances represent non-deduction of TDS on the discount offered by the subsidiary to various hospitals, labs and corporate institutions which the assessing officer had taken as commission paid, disallowance of depreciation on goodwill and disallowance of preliminary expenses claimed under section 35D. The management based on its internal evaluation and advice obtained from its tax advisors is of the view that the demand is not tenable and no economic outflow is expected against them.	61.32	-
In respect of an international subsidiary of the Company (i) Bank Guarantees totaling AUD \$ 2,376,000 in respect of leases of dental practice premises. (ii) Interest bearing liabilities have been guaranteed by the members of the group under a cross guarantee and indemnity and secured by fixed and floating charges over the assets of the group and mortgages over the shares which Dental Corporation Holdings Limited owns in its subsidiaries.	1,257.97	-
Corporate guarantees given by a subsidiary to banks for lease and loan to others	596.42	-
Corporate guarantee given to banks in respect of financial assistance availed by an associate of the Company:- - IDBI Bank - Royal Bank of Scotland	- -	4,500.00 1,500.00
The Company has obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of Customs Duty against submission of bank guarantee and bonds.	200.72	-
Others	147.46	12.53

11. (a) A Civil suit ('Civil Suit') had been filed for declaration and permanent injunction against a subsidiary of the Company (EHIRCL) in the Hon'ble High Court of Delhi seeking amongst others:
- declaration that the amalgamation of Escorts Heart Institute and Research Centre, Delhi, a society registered under Societies Registration Act, 1860 (EHIRC Delhi) with Escorts Heart Institute and Research Centre, Chandigarh (EHIRC Chandigarh), a society registered under

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Societies Registration Act, 1860 and subsequent incorporation of EHIRC Chandigarh Society (post amalgamation) into a company under Part IX of Companies Act, 1956 (i.e. EHIRCL) is void,

- b) seeking a restoration of charitable status of EHIRC Delhi Society.

The Hon'ble High Court of Delhi, vide its order dated September 30, 2005, had ordered the parties to maintain status quo and thereafter on July 3, 2008 dismissed the suit for want of cause of action and procedural grounds. On a regular first appeal preferred by the appellant, the Division Bench of Hon'ble High Court of Delhi, vide its order dated January 16, 2009, has allowed the appeal and restored the suit.

The appellant further amended the appeal seeking to declare the share purchase agreement between Escorts Limited and the Company and the initial public offering of the Company to be void.

Subsequently during the year, the appellant withdrew the aforesaid suit against the defendants and the Hon'ble High Court of Delhi, vide its decision dated October 29, 2010, permitted the appellant to unconditionally withdraw the suit and pending application thereof. Accordingly, the aforesaid suit stands dismissed as withdrawn.

- (b) Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of a subsidiary of the Company (EHIRCL). The company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The company also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The Civil Suit and Arbitration application is still pending with the Hon'ble High Court of Delhi.
- (c) The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against a subsidiary of the Company (EHIRCL). The company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The company thereafter had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer thereafter had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the company for resuming the proceedings under the said Act. The company had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA matter. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order to be passed. The proceedings are pending with the court of law.
- (d) The Delhi High Court in March 2004, amongst other hospitals, made EHIRCL a party to Public Interest Litigation ('PIL') filed in July 2002 (Social Jurist matter), concerning the applicability of certain free bed conditions on certain plots of land allotted to the EHIRCL by DDA. Subsequent to the judgement by the Hon'ble High Court on March 22, 2007, a separate Special Leave petition ('SLP') and applications for condonation of delay had been filed by EHIRC on November 28, 2007 against the Social Jurist judgment. In the hearing on January 4, 2008, the Hon'ble Supreme Court had issued a notice and directed the stay. Supreme Court vide order dated 1.9.2011, directed that all

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

hospitals to provide 25% OPD and 10% IPD completely free treatment to poor patients and dismissed the SLP.

12. Income Tax Matters

- (a) The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of a subsidiary of the Company (EHIRCL) were impounded, which are still in possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company.

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of Delhi and Chandigarh Societies. The Assessing Officer, Delhi completed the reopened assessments of the Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization had been withdrawn in respect of these years. The past accumulated income upto March 31, 1996 had been brought to tax and the income of the respective years thereafter had been subjected to tax as normal business income, hence raising a cumulative demand of ₹ 10,102.04 lacs (including interest of ₹ 6,012.57 lacs).

The Assessing Officer had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years have again been brought to tax, raising a further demand of ₹ 12,436.90 lacs (including interest of ₹ 6,946.00 lacs). The company is of the view that the demand raised for the assessment year 2001-02 includes duplication on account of demands raised in the assessment years 1997-98 to 2000-01 and, further, the events taking place in the year 2000 cannot relate back to earlier year and has filed an appeal before the Commissioner of Income Tax (Appeals) Delhi which is pending disposal.

The company challenged the reopening of assessment for the assessment year 1997-98 before the Hon'ble High Court of Delhi in a Writ Petition filed on July 27, 2005. The Hon'ble Court in its interim order dated September 20, 2005 had directed the Assessing Officer to complete the assessments for all these years and had also directed that the operation of the assessment orders for assessment years 1997-98, 1998-99, 1999-00 and 2000-01 shall remain suspended till the matter is heard and decided by the Court. The Writ Petition for 1997-98 has been decided in favour of the company and hearing is fixed for September 12, 2012 for subsequent years. The company had also filed appeals before the Commissioner of Income Tax (Appeals) for all these years.

- (b) The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of EHIRC for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs and interest thereon amounting to ₹ 2,915.80 lacs by treating the excess of assets over liabilities as short term capital gains on registration of Amalgamated Society as a company. The company feels that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The Tribunal, vide its Order dated March 18, 2008, had remanded the matter back to the Assessing Officer for fresh adjudication. The Assessing Officer, Delhi completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (including interest of ₹ 5,465.27 lacs). The company filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against the said assessment order of the assessing officer, which is pending disposal.

Pursuant to the share purchase agreement, where company is a party, dated September 25, 2005, the abovementioned income-tax demands, in respect of (a) and (b) above, are the responsibility of one of the erstwhile promoters to the extent of ₹ 8,280.09 lacs for which necessary funds have been

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

deposited in an escrow account. Interest of ₹ 876.64 lacs upto March 31, 2012 has accrued in the escrow account and available for aforesaid set off. In the event these demands exceed this amount, one third of such excess would be borne by the said erstwhile promoters and the rest by the company, if any.

- (c) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2003-04 whereby the assessing officer had raised demands of ₹ 424.17 lacs (including interest of ₹ 35.10 lacs) by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Further, the Assistant Commissioner of Income Tax, Delhi has passed an order dated March 31, 2010 under sections 154/ 250/ 143(3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of ₹ 22.77 lacs (including interest of ₹ 3.95 lacs) has been raised on to the company by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

- (d) Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2004-05 whereby the assessing officer had raised demands of ₹ 404.22 lacs (including interest of ₹ 97.55 lacs) by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) and ITAT have allowed these claims in favour of the company. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Assessment for the A.Y. 2004-05 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 214.67 lacs was raised by disallowing depreciation amounting to ₹ 349.30 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 13.85 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

- (e) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the assessing officer had raised a demand of ₹ 282.03 (including interest of ₹ 56.79 lacs) on the company by disallowing the claim of keyman insurance premium and holding software development charges as capital expenditure. The company had filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Assessment for the A.Y. 2005-06 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on 26.12.2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 83.16 lacs was raised by disallowing depreciation amounting to ₹ 270.40 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 6.40 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

- (f) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the assessing officer had raised a demand of ₹ 305.16 lacs (including interest of ₹ 44.23 lacs) on the company by disallowing the claim of keyman insurance premium. The company had filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the assessing officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 had allowed partial relief to the company and had confirmed the balance amount of demand raised by assessing officer. The company filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which has been allowed in favour of the company. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which has been dismissed. The Income Tax Department has filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of the company.

Assessment for the A.Y. 2006-07 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 99.33 lacs was raised by disallowing depreciation amounting to ₹ 136.43 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 18.79 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

- (g) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the assessing officer had raised a demand of ₹ 96.90 lacs (including interest of ₹ 0.76 lacs) on the company by disallowing the claim of keyman insurance premium and software development charges. Appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which has been allowed.

Assessment for the A.Y. 2007-08 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing officer - Chandigarh, whereby a demand of ₹ 56.48 lacs was raised by disallowing depreciation amounting to ₹ 115.96 lacs on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 10.31 lacs and including the same in income. An appeal has been filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which is pending disposal.

- (h) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2008-09 vide order dated December 31, 2010, whereby the Assessing Officer had made additions of ₹ 407.94 lacs including a sum of ₹ 307.63 lacs out of interest expenses holding that outstanding against group companies/subsidiaries were not for business purposes and an sum of ₹ 100.30 lacs out of the depreciation claimed by the company on its assets. Thus, reducing the loss from ₹ 2,955.28 lacs to ₹ 2,547.34 lacs. An appeal has been filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowance made in the assessment order, which is pending disposal.

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- (i) The Assessing Officer (TDS) - Jaipur had passed an order dated February 10, 2010, in respect of EHIRCL for the assessment years 2008-09 and 2009-10, thereby raising demands of ₹ 16.74 lacs and ₹ 0.37 lacs respectively on account of non-deduction of tax on blood processing charges and payments for managing pharmacy to Fortis Healthworld Limited and deduction of tax under section 194J of Income Tax Act, 1961 instead of section 192 on payments made to retainer doctors.

The company filed appeals with the Commissioner of Income Tax (Appeals), Jaipur against the said order. Appeal in respect of assessment years 2008-09 has been decided vide order dated January 4, 2011 thereby giving partial relief to the Company and it has been brought down to ₹ 5.61 lacs as against ₹ 16.74 lacs. The company has filed an appeal before the Income Tax Appellate Tribunal, Jaipur against the issue confirmed by Commissioner of Income-tax (Appeals), which is pending disposal. The appeal filed for the Assessment Year 2009-10 before Commissioner of Income-tax (Appeals) is pending disposal. The company on protest has paid the sum of ₹ 5.61 lacs. Department has filed appeal before the Income Tax Appellate Tribunal, Jaipur against the order of Commissioner of Income Tax (Appeals) which is pending disposal.

- (j) Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2009-10, whereby the assessing officer had raised a demand of ₹ 109.03 lacs (including interest of ₹ 23.24 lacs) by making disallowance (i) u/s 36(1)(iii) ₹ 296.53 lacs (ii) disallowance of interest u/s 36(1)(iii) - ₹ 11.36 lacs (iii) Depreciation - ₹ 69.70 lacs, (iv) Profit on sale of assets - ₹ 20.78 lacs, (v) Disallowance u/s 14A - ₹ 54.69 lacs (vi) Short Term capital Loss - ₹ 592.80 lacs and (vii) Addition of Exempt Income ₹ 640.10 lacs. An appeal has been filed with the Commissioner of Income Tax (Appeals), Chandigarh, against the disallowances made in the assessment order, which is pending disposal.

In view of the management, the eventual outcome of the above matters cannot presently be estimated.

13. The Commissioner of Customs (Import and General), Delhi had raised a demand on a subsidiary of the Company (EHIRCL) of ₹ 770.27 lacs (including ₹ 347.64 lacs as penalty for mis-declaration of the imported surgical machine with a redemption fine of ₹ 75.00 lacs for release of the said machine) on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. The company had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ₹ 347.64 lacs under protest. The matter is pending for decision with the Tribunal.
14. (i) The Assistant Collector of Customs had issued an assessment order in earlier year raising a demand of ₹ 330.39 lacs holding the Company to be a commercial establishment in relation to the import of medical equipments, spares and consumables. The Company had filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. The Company filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and had asked the Company to deposit a sum of ₹ 150.00 lacs with the customs authority. The Company had deposited the amount with the customs authority and has also made a provision of ₹ 330.39 lacs in the books of accounts. The matter is still pending with the Tribunal.
- (ii) Further, one of the subsidiary, FHsL has created provision of ₹ 166.49 lacs during the previous year for custom duty demand in relation to import of medical equipment.

15. Employee Stock Option Plan

- (i) The Company has provided share-based payment scheme to the eligible employees and directors of the Company/its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 (Grant III) during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the previous year and 200,000 options (Grant V) were granted during the current year. During the year 4,050,000 options (Grant VI) were granted under Plan 'B'. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. The weighted average share price of the Company during the year is ₹ 132.54 (Previous year ₹ 155.87). As at March 31, 2012, the following scheme was in operation:

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI
Date of grant	13-Feb-08	13-Oct-08	14-Jul-09	1-Oct-10	12-Sep-11	23-Feb-12
Date of Board Approval	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	30-Jul-07	12-Aug-11
Date of Shareholder's approval	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	27-Sep-07	19-Sep-11
Number of options granted	458,500	33,500	763,700	1,302,250	200,000	4,050,000
Vesting Period	February 13, 2009 to February 12, 2013	October 13, 2009 to October 12, 2013	July 14, 2010 to July 13, 2014	October 1, 2011 to September 30, 2015	September 12, 2012 to September 11, 2016	February 23, 2012 to February 22, 2015
Exercise Period up to	12-Feb-18	12-Oct-18	13-Jul-19	30-Sep-20	12-Sep-21	23-Feb-17

The details of activity under the Plan have been summarized below:

Particulars	31-Mar-12		31-Mar-11	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	2,012,130	128.05	918,660	75.05
Granted during the year	4,250,000	112.93	1,302,250	158
Forfeited during the year	210,080	133.12	140,900	85.55
Exercised during the year	76,240	74.27	67,880	73.51
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,975,810	117.8	2,012,130	128.05
Exercisable at the end of the year	524,130	111.07	218,360	73.3
Weighted average remaining contractual life (in years)	7.10	-	8.93	-
Weighted average fair value of options granted (in ₹)	33.51	-	50.01	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The details of exercise price for stock options outstanding at the end of the year are as under:

Particulars	31-Mar-12	31-Mar-11
Range of exercise prices	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Number of options outstanding	5,975,810	2,012,130
Weighted average remaining contractual life of options (in years)	7.1	8.93
Weighted average exercise price (in ₹)	117.8	128.05

Stock Options granted

The weighted average fair value of stock options granted during the year is ₹ 26.60 (Previous Year ₹ 58.30). The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	31-Mar-12	31-Mar-11
Exercise Price	₹ 50.00 to ₹ 158.00	₹ 50.00 to ₹ 158.00
Expected Volatility	6.42% to 34%	32.89% to 34%
Life of the options granted (Vesting and exercise period) in years	6.5 years	6.5 years
Expected dividends	-	-
Average risk-free interest rate	7.50% to 8.70%	7.50% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

- (ii) One of the subsidiaries, Dental Corporation Holdings Limited ("DC"), operates an employee share option plan (ESOP). The vesting period of the option ranges from nine months to three years from the grant date. The exercise price of the options is equal to the estimated market price of the DC shares on the date of grant. The contractual life of the options ranges from one to five years. These options were granted under equity settlement method and there are no conditions for vesting other than continued employment with DC. As at March 31, 2012, 23,412,560 numbers of options were outstanding with vesting period ranging from nil to 52 months and exercisable period upto June 30, 2016.

There has been no cancellation or modification to the ESOP during the year.

The details of activity under plans have been summarized below:

Particulars	31-Mar-12	
	Number of options	Weighted average exercise price per share (AUD)
Outstanding at the beginning of the period	23,412,560	1.97
Granted during the period	-	-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	31-Mar-12	
	Number of options	Weighted average exercise price per share (AUD)
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	23,412,560	1.97
Exercisable at the end of the period	16,807,560	1.94
Weighted average remaining contractual life (in years)	3.90	n/a
Weighted average fair value of options granted (in AUD\$)	n/a	n/a

The details of exercise price for stock options outstanding at the end of the period are as under:

Particulars	31-Mar-12
Range of exercise prices (AUD)	0.95 to 3.39
Number of options outstanding	23,412,560
Weighted average remaining contractual life of options (in years)	3.90
Weighted average exercise price (in AUD\$)	1.97

- (iii) A subsidiary company of the Group (FMHL) provides the following share-based payment schemes to its employees. During the year ended March 31, 2012, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of the company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme:

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan. Also the options can be exercised only before the end of the tenure of the plan.

Effective Date

The plan shall be deemed to have come to in force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of the company subject to the approval of shareholders of the company in general meeting.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The details of activity under the Scheme are summarized below:

	31-Mar-12		31-Mar-11	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	295,000	26.2	295,000	26.2
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	295,000	26.2	295,000	26.2
Exercisable at the end of the year	73,750	26.2	73,750	26.2

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2012 is 4.75 years (31 March 2011: 5.75 years). The range of exercise prices for options outstanding at the end of the year was ₹ 10. (31 March 2011: ₹ 10.)

The weighted average fair value of stock options granted during the year was ₹ 13.45 (31 March 2011: ₹ 13.45). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31-Mar-12	31-Mar-11
Dividend yield (%)	NIL	NIL
Expected volatility	67.42%	67.42%
Risk-free interest rate	7.50%	7.50%
Weighted average share price (₹)	Nil	Nil
Exercise price (₹)	26.2	26.2
Expected life of options granted in years	5	5

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

- (iv) In respect of one subsidiary, the shareholders of that company vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of the Company have been granted to the employees of the Company at an exercise price of ₹ 40 per share and the following are the Scheme details:

Date of grant	22-Aug-09
Date of Board Approval	22-Aug-09
Date of Shareholder's approval	17-Aug-09
Number of options granted	1,517,470
Method of Settlement (Cash/Equity)	Equity
Vesting Period	Over three year- August 22, 2010 to August 22, 2012
Exercise Period	Up to August 21, 2019

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

The details of activity under the plan have been summarized below:-

	May 11, 2011 to March 31, 2012	
	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,256,646	40
Granted during the period	-	-
Forfeited /Cancelled during the period	161,390	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the year	1,095,256	40
Exercisable at the end of the year	1,095,256	40
Weighted average fair value of options granted on the date of grant		40

The details of the exercise price of stock options outstanding at the end of the year are

	March 31, 2012
Range of exercise price	40
Number of options outstanding	1,095,256
Weighted average remaining contractual life of options	7.4 years
Weighted average exercise price	40

In March 2005, the ICAI has issued a guidance note on 'Accounting for Employees Share Based Payments' applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Profit as reported	7,222.23	12,436.34
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method	(635.43)	(146.38)
Proforma profit	6,586.79	12,289.96
Earnings Per Share (In ₹)		
Basic		
- As reported	1.78	3.23
- Pro forma	1.63	3.19
Diluted		
- As reported	1.78	3.23
- Pro forma	1.63	3.19

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

16. a) A subsidiary of the Company, Fortis Health Staff Limited ('FHSL'), has incurred losses of ₹ 52.50 lacs during the current year and has accumulated losses of ₹ 1,479.02 lacs as at March 31, 2012, which has resulted in complete erosion of FHSL's net worth. In view of the commitment of continued financial support by the shareholders, the accounts of FHSL have been prepared on a going concern basis.
- b) A subsidiary of the Company, International Hospital Limited ('IHL'), has incurred losses of ₹ 4,854.94 lacs during the current year and has accumulated losses of ₹ 4,854.94 lacs as at March 31, 2012, which has resulted in substantial erosion of IHL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of IHL have been prepared on a going concern basis.
- c) A subsidiary of the Company, Lalitha Healthcare Private Limited ('LHPL'), has incurred losses of ₹ 151.69 lacs during the current year and has accumulated losses of ₹ 1170.09 lacs as at March 31, 2012, which has resulted in complete erosion of LHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of LHPL have been prepared on a going concern basis.
- d) A subsidiary of the Company, Hiranandani Healthcare Private Limited ('HHPL'), has incurred losses of ₹ 528.12 lacs during the current year and has accumulated losses of ₹ 5,634.58 lacs as at March 31, 2012, which has resulted in complete erosion of HHPL's net worth. In view of the expected improvement in the financial results projected by the management and the commitment of continued financial support by the shareholders, the accounts of HHPL have been prepared on a going concern basis.

17. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':

The Group has a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefit on the basis of last salary drawn and completed number of years of service. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The Group also provides leave encashment benefit to its employees, which is unfunded.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The following table summarizes the components of net employee benefit expenses recognized in the consolidated statement of profit and loss:

(₹ in lacs)

Particulars	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
	2011-2012	2011-2012	2010-2011	2010-2011
Profit and Loss account				
Net employee benefit expenses (recognized in Personnel Expenses / Expenditure during Construction Period)				

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
	2011-2012	2011-2012	2010-2011	2010-2011
Current Service cost	413.19	48.24	250.09	25.32
Interest Cost on benefit obligation	136.85	21.35	121.59	12.90
Expected return on plan assets	-	(22.38)	-	(14.24)
Reversal of excess provision	(0.60)	-	-	-
Actuarial loss/(gain) recognized during the year	(65.33)	9.42	96.92	33.51
Past Service Cost	-	-	-	-
Net benefit expense	484.11	56.63	468.60	57.49
Actual return on plan assets	-	-	-	14.52
Balance sheet				
Details of Provision for Gratuity as at year end				
Present value of defined benefit obligation	2,085.70	403.45	1,529.04	210.96
Fair value of plan assets	-	395.46	-	181.91
Surplus/(deficit) of funds	(2,085.70)	(7.99)	(1,529.04)	(29.05)
Net asset/ (liability)	(2,085.70)	(7.99)	(1,529.04)	(29.05)
Changes in present value of the defined benefit obligation are as follows:				
Opening defined benefit obligation	1,633.54	77.41	1,168.50	183.48
Liability assumed/ deleted on acquisition/ (disposal) of Subsidiaries	340.14	281.97	7.08	-
Current Service cost	413.19	48.24	250.09	25.32
Interest Cost on benefit obligation	136.85	21.35	121.59	12.90
Liability transfer on sale of Hospital undertaking	(193.90)	-	-	-
Reversal of excess provisions	(0.60)	-	-	-
Plan Amendments Cost/ (Credit)	(30.87)	-	-	-
Benefits paid	(147.32)	(29.59)	(115.14)	(44.53)
Actuarial (loss)/ gain recognized during the year	(65.33)	4.07	96.92	33.79
Closing defined benefit obligation	2,085.70	403.45	1,529.04	210.96
Changes in the fair value of plan assets are as follows:				
Opening fair value of plan assets	-	181.91	-	146.52

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
	2011-2012	2011-2012	2010-2011	2010-2011
Assets assumed on acquisition of Subsidiary	-	145.04	-	-
Expected return	-	26.84	-	14.24
Contributions by employer	-	70.48	-	65.40
Benefits paid	-	(23.47)	-	(44.53)
Actuarial gains / (losses)	-	(5.34)	-	0.28
Closing fair value of plan assets	-	395.46	-	181.91

The Principal assumptions used in determining gratuity obligation for the Group's plan are shown below:

In case of FHL, FHTL, IHL, EHSSHL

	2011-12	2010-11
Discount rate	8.60%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	18%
From 31 to 44 years	6%	6%
Above 44 years	2%	2%
In case of EHIRCL and EHSSIL		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
In case of EHRCL		
Discount rate	8.60%	8.00%
Expected rate of return on plan assets	NA	9.25%
Expected rate of salary increase	3.75%	3.75%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011-12	2010-11
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6%	6%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%
In case of FHML		
Discount rate	8.45%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	6%
Upto 40 years	5%	NA
From 31 to 44 years	NA	2%
Above 44 years	NA	1%
Upto 50 years	3%	NA
Above 50 years	2%	NA
In case of FMHL		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	9.25%	8.50%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	18%
From 31 to 44 years	6%	6%
Above 44 years	2%	2%
In case of FHsL		
Discount rate	8.45%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10% for first 3 years & 8% thereafter	10% for first 4 years & 8% thereafter
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	10%
Upto 40 years	5%	5%

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011-12	2010-11
Upto 50 years	3%	3%
Above 50 years	2%	2%
In case of FESL		
Discount rate	NA	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	NA	5.00%
Mortality table referred	NA	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Age from 20 - 30 years	NA	12.50%
Age from 31 - 58 years	NA	15.00%
In case of FHM(N)L		
Discount rate	8.60%	NA
Expected rate of return on plan assets	9.25%	NA
Expected rate of salary increase	3.75% - 7.50%	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	6% - 18%	NA
From 31 to 44 years	2% - 6%	NA
Above 44 years	1% - 2%	NA
In case of Fortis Cauvery and KHL		
Discount rate	8.45%	NA
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	NA
Upto 40 years	5%	NA
Upto 50 years	3%	NA
Above 50 years	2%	NA
In case of LHPL		
Discount rate	8.45%	8.00%
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 3 years and 8.00% p.a thereafter	7.50%

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	2011-12	2010-11
Mortality table referred	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	10%	10%
Upto 40 years	5%	5%
Upto 50 years	3%	3%
Above 50 years	2%	2%
In case of HHPL		
Discount rate	8.45%	NA
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	10.00% p.a for first 4 years and 8.00% p.a thereafter	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	NA
From 31 to 44 years	5%	NA
Above 44 years	3%	NA
In case of C-Doc		
Discount rate	8.60%	NA
Expected rate of return on plan assets	NA	NA
Expected rate of salary increase	7.50%	NA
Mortality table referred	LIC (1994-96) duly modified	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	18%	NA
From 31 to 44 years	6%	NA
Above 44 years	2%	NA
In case of SRL		
Discount rate	8.50% - 8.61%	NA
Expected rate of return on plan assets	8%	NA
Expected rate of salary increase	6.50%	NA
Mortality table referred	LIC (1994-96) ultimate	NA
Withdrawal rate/ Employee Turnover Rate		
Upto 30 years	3%	NA
From 31 to 44 years	2%	NA
Above 44 years	1%	NA

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Amounts for the current and the previous three periods are as follows:-

	Year ending			
	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
Defined benefit obligation at the end of the period	(2,489.14)	(1,740.00)	(1,351.98)	(912.91)
Plan assets at the end of the period	395.45	181.91	146.52	109.96
Funded status	(2,093.69)	(1,558.09)	(1,205.46)	(802.95)
Experience gain/ (loss) adjustment on plan liabilities	(72.47)	(139.94)	(24.05)	(69.53)
Experience gain/ (loss) adjustment on plan assets	(17.29)	0.28	0.86	8.57
Actuarial gain/ (loss) due to change on assumptions	57.93	-	17.82	211.01

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
 2. The Fortis Group's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.
 3. The group has invested in the schemes with Life Insurance Corporation of India for the plan assets.
18. a) The Company and few of its subsidiaries have entered into 'Operation and Management' agreements with entities which are into hospital operations, in terms of which, they are responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.
- b) During the previous year a subsidiary of the Company ('IHL') has entered into 'Operation and Management' agreement ('O&M agreement') with a registered trust, which is into Hospital Operation, in terms of which, the IHL has rights to control, operate, run and manage the Hospital and ancillary facilities. In consideration of the operation and management services and obligations assumed by the Trust, the IHL has to pay facility fees as per the terms of the agreement. During the current year, the rights under O&M agreement of IHL has been transferred to Fortis Health Management (North) Limited ('FHM(N)L') as a part of Corporate restructuring explained further in note 30.
19. During the previous year, the Company had issued 1,000 5% Foreign Currency Convertible Bonds of US Dollar 100,000 each aggregating to US Dollar 100,000,000 due 2015 (the "Bonds"). These Bonds are listed on the Euro MTF market of the Luxembourg Stock Exchange. The Bonds are convertible at the option of the holder at any time on or after May 18, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) upto May 11, 2015 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 167 with 26,922.1557 shares being issued per Bond with a fixed rate of

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

exchange on conversion of ₹ 44.96 = US Dollar 1.00. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be redeemed, in whole but not in part, at the option of the Company at any time on or after 18 May 2013 (subject to the Company having given at least 30 days' notice) at 100 percent of their aggregate principal amount plus accrued but unpaid interest if the closing price of the Shares on each trading day with respect to the shares for a period of at least 30 consecutive such trading days is equal to or greater than 130 per cent of the Accreted Conversion Price (as defined in the terms and conditions of the Bonds).

The Bonds may also be redeemed in whole, but not in part, at the option of the Company subject to satisfaction of certain conditions including obtaining Reserve Bank of India ("RBI") approval, at certain early redemption amount, as specified, on the date fixed for redemption in the event of certain changes relating to taxation in India.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company in US Dollars on May 18, 2015 at 103.1681 per cent of its principal amount. Since the redemption of bonds is contingent upon its non-conversion into Equity Shares and the probability of redemption cannot presently be ascertained, the Company has not provided for the proportionate premium on redemption for the period up to March 31, 2012 amounting to ₹ 603.13 lacs (Previous Year ₹ 244.58). Such premium has been disclosed as contingent liability. These Bonds are considered a monetary liability and are redeemable only if there is no conversion before maturity date.

Exchange Rate at March 31, 2012 considered for restatement of the Bonds at the year end was ₹ 50.9449 = US Dollar 1 (₹ 44.5872 = US Dollar 1 at March 31, 2011).

The Company has incurred expenses aggregating to ₹ 1,223.09 lacs (including ₹ 25.00 lacs paid to auditors) in connection with its issue of 5% Foreign Currency Convertible Bonds. The same was adjusted against the Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

- 20.** During the year ended March 31, 2010, the Company has issued 260, Zero Percent Unsecured Non-Convertible Debentures of ₹ 10,000,000 each. These debentures are to be redeemed at various dates between November 25, 2010 to November 25, 2014 at an aggregate premium of ₹ 14,879.14 lacs.

During the previous year Company has redeemed all of the above Zero Percent Unsecured Non-Convertible Debentures at a premium of ₹ 13.60 lacs per debenture. The total redemption premium of ₹ 3,534.97 lacs have been adjusted against the liability for the premium on redemption of Non-Convertible Debenture and the Securities Premium.

- 21.** Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ₹ 103.12 lacs arising on the acquisition of a subsidiary of the Company.
- 22.** Fortis Group acquired 23.84% stake in Parkway Holdings Limited ('PHL') on March 19, 2010, through Fortis Global Healthcare (Mauritius) Limited, a wholly owned subsidiary, which was increased to 24.69% at March 31, 2010. During previous year, through purchase in open market, the Fortis Group increased its stake to 24.88% and subsequently, sold its entire stake in PHL to Integrated Healthcare Holdings Limited at the price of SG\$ 3.95 per share on August 20, 2010. Considering the investment in PHL as temporary, the financial results of PHL were not consolidated into Consolidated Financial Statement of the Fortis Group.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- 23.** On October 27, 2009, pursuant to the Letter of offer ('LOF') dated September 22, 2009 the Company allotted on Rights Basis 90,646,936 Equity Shares of ₹ 10 each at a premium of ₹ 100 per Equity Share aggregating to ₹ 99,711.63 lacs and 90,646,936 Detachable Warrants (as an eligible Equity Shareholder was entitled to receive one Detachable Warrant for every one Equity Share allotted in the Issue). The Detachable Warrants so issued could be freely and separately traded until they are tendered for exercise. As per the LOF, the warrant exercise period was between six months to eighteen months from the date of allotment of the Equity Shares.

The Warrant Exercise Price for the Detachable Warrants was the average of (i) average of the weekly closing prices of the Equity Shares on the NSE in the 26 weeks immediately preceding the date fixed by the Company for the determination of the Warrant Exercise Price of the Detachable Warrants (the "Relevant Date") and (ii) average of the weekly closing prices of the Equity Shares on the NSE in the two weeks immediately preceding the Relevant Date.

During the previous year, the Company has, in terms of the LOF, issued 87,711,986 equity shares of ₹ 10 each, against conversion of detachable warrants to the entitled warrant holders, at an exercise price of ₹ 153 per detachable warrant, aggregating to ₹ 134,199.34 lacs.

- 24.** During the year, one of the subsidiary of the group, SRL has withdrawn the Draft Red Herring Prospectus (DRHP) filed with the Securities and Exchange Board of India dated February 17, 2011, on account of subsequent change in the shareholding of the Company.
- 25.** During the year, certain shareholders of the SRL have agreed to gift 1,500,000 shares of the SRL to some employees/ directors and consultants of a subsidiary in lieu of motivating them and retaining them over the balance period of engagement agreement with them or for 3 years from the date of execution of gift deed signed with them dated July 7, 2011, whichever is higher. The shares are transferred by the shareholders in an escrow account which is managed, controlled and operated solely by the escrow agent, in accordance with the provisions of the escrow agreement. At the expiry of the term as mentioned above and on satisfaction of conditions mentioned in the respective gift deeds, the shareholders shall direct the escrow agent to release the subjected shares in favor of such employees/ directors and consultants of the subsidiary. The SRL or its subsidiary does not have any settlement/ other obligation under the arrangements either towards employees/ directors and consultants or shareholders. The Guidance Note on Accounting for Employee Share-based Payments does not provide any specific guidance on accounting of grant of shares by the shareholders. Hence, in the absence of any specific guidance, the Company has not accounted/ disclosed for the grant.
- 26.** Included in the note no. 4(xix) rental security deposit amounting to ₹ 158.54 lacs outstanding from Zentronics Technologies Limited (now Techtrek India Limited) for which the SRL had received postdated cheques during the year. Some of these cheques had bounced for which the SRL has filed legal case under section 138 of Negotiable Instruments Act, 1881. No provision has been considered necessary as the management has taken a legal opinion from an expert that the SRL has strong case for recovery of security deposits and received the balance confirmation from Zentronics Technologies Limited confirming the amount of security deposit as payable by them. Hence, the management is confident of recovery of security deposits.
- 27. Merger of Hospital Operation ('HO') division of Sunrise Medicare Private Limited ('SMPL') with Escorts Heart and Super Speciality Hospital Limited ('EHSSHL'):**
- (a) In terms of the Scheme of Arrangement ("the Scheme") under section 391 to section 394 of the Companies Act, 1956, approved by order dated April 4, 2011 of the Hon'ble High Court of New Delhi which became effective, on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies of the concerned state, on April 1, 2010 following became effective:

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- i. SMPL was demerged into HO division and Consultancy Division,
 - ii. Hospital Division of SMPL is merged with EHSSHL from April 1, 2010 being the appointment date, as per the order of Hon'ble High Court. The Scheme has, accordingly, been given effect to in these financial statements.
- (b) The operations of SMPL include owning and operating a Hospital business comprising of a 45 bedded hospital in New Delhi and business of rendering consultancy services for Setting up hospitals and healthcare ventures.
- (c) In accordance with the Scheme:

The HO division is demerged and transferred to and vested in the EHSSHL, with effect from the appointed date. Accordingly, the EHSSHL has recorded all assets and liabilities, including provisions, of the HO division of SMPL transferred to and vested in the EHSSHL pursuant to this Scheme, at the respective book values thereof as appearing in the books of account of SMPL at the close of business of the day immediately preceding the appointed date based on special purpose audited balance sheet of the HO division of SMPL.

EHSSHL allotted 4,455,166 0.01% Preference Shares at ₹ 79 each including premium of ₹ 69 each to the shareholders of SMPL, on May 16, 2011 as a consideration for net assets acquired. Since such allotment was made after the year-end, the equivalent amount of ₹ 445.52 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 3,074.06 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus in the financial statements of EHSSHL.

In the consolidated financial statement the amount equivalent to ₹ 306.25 lacs for preference shares have been disclosed as 'share capital in suspense' and ₹ 2,113.11 lacs for securities premium has been disclosed as 'Securities premium suspense account' under Reserves and Surplus, being the share of external shareholders of SMPL.

The Company has been allotted 1,392,520 Preference Shares of ₹ 79 each including premium of ₹ 69 each on May 16, 2011, as consideration in lieu of its shareholding in SMPL. The Company has accordingly, reduced the investment in equity shares of SMPL to ₹ 0.31 lacs and has disclosed the remaining investment of ₹ 439.73 lacs, out of its original cost of investment of ₹ 440.04 lacs in equity shares of SMPL towards the preference shares of Escorts Heart and Super Speciality Hospital Limited.

As per the Scheme, the difference between the book value of net assets and purchase consideration, has been adjusted first against Revaluation Reserve Account, then to Capital Reserve Account and then to Securities Premium Account and the remaining balance was to be transferred to statement of profit and loss in the books of the EHSSHL. The adjustment has been done as follows:

(₹ in lacs)

Purchase Consideration Paid	
4,455,166, 0.01% Preference Shares of ₹ 10 each	445.52
Securities Premium for ₹ 69 each on above shares	3,074.06
Total Purchase Consideration (A)	3,519.58
Less: Net Assets of HO division of SMPL Acquired	
Inventories	18.85
Sundry Debtors	95.39

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Cash and Bank Balances	24.76
Fixed Assets	984.44
Loans and Advances	72.89
Total Assets (B)	1,196.33
Liabilities Assumed	
Secured Loans	733.36
Unsecured Loans	433.14
Current Liabilities	600.62
Provisions	14.11
Total Liabilities (C)	1,781.23
Net Assets Acquired (D) = (B-C)	(584.90)
Balance to be recognised (E) = (A-D)	4,104.48
Adjustment in the books of the EHSSHL:	
Revaluation Reserve	2,019.84
Capital Reserve	567.79
Securities Premium	1,516.85
Total	4,104.48

- (d) The authorized share capital of SMPL amounting to ₹ 1,498.93 lacs stand transferred to the EHSSHL and be treated as part of the authorized share capital of the EHSSHL, without any obligation to pay any further filing fee or other charges.

28. During the year, the Group has capitalized the following expenses of revenue nature to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalized by the Group.

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Opening Balance	3,357.90	3,938.86
Personnel Expenses		
Salaries, Wages and Bonus	2,310.12	487.46
Gratuity	18.72	18.81
Leave Encashment	22.38	8.75
Contribution to Provident & Other Funds	25.44	12.85
Staff Welfare Expenses	19.74	2.95
	2,396.39	530.82
OTHER EXPENSES		
Power & Fuel	117.63	-
Professional charges to doctors	9.11	-
Medical Services	6.48	-
Housekeeping Expenses including Consumables	199.75	-
Legal & Professional Fee	189.41	117.54

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011
	₹ in lacs	₹ in lacs
Travel & Conveyance	44.44	13.55
Repairs & Maintenance - Others	37.29	0.85
Rates & Taxes	22.29	19.02
Insurance	6.66	-
Rent	3,125.76	4.23
Ground Rent	29.23	15.17
Marketing & Business Promotion	59.64	-
Postage & Courier	14.80	-
Printing & stationary	3.98	-
Communication expenses	15.45	-
Miscellaneous Expenses	202.65	14.80
Service Tax Recoverable	67.37	-
	4,151.90	185.16
Financial Expenses		
Interest	22.68	309.44
Arrangement Fees Written off	-	47.89
Finance Charges	37.95	-
	60.63	357.33
Less: Expenses allocated to Fixed Assets during the year	-	1,654.27
Balance carried forward to Capital Work in Progress	9,966.82	3,357.90

- 29. A)** During the year, the Company purchased 42,749,217 equity shares of ₹ 10/- each at ₹ 188 per share of SRL, representing 74.59% of shareholding in SRL for a total consideration of ₹ 80,368.53 lacs on May 12, 2011. The Company's shareholding was diluted to 71.49% on June 7, 2011 as result of SRL issuing additional equity shares to certain strategic investors. Due to this dilution, goodwill of ₹ 3,708.39 lacs and minority interest of ₹ 2,723.67 lacs has been decreased. The loss of ₹ 1,432.06 due to this dilution lacs has been disclosed under the head other reserves. Accordingly, the acquisition resulted in net goodwill of ₹ 85,667.66 lacs.

The effect of the acquisition of this subsidiary on the consolidated financial position is as follows:

(₹ in lacs)

Particulars	March 31, 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	44,894.02
Non-current liabilities	27,620.20
Current liabilities	17,646.28
TOTAL	90,160.50
II. ASSETS	
Non-current Assets	78,856.52

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	March 31, 2012
Current assets	11,303.98
TOTAL ASSETS	90,160.50
Total revenue from operations and other income considered in the consolidated financial statements	48,166.24
Loss considered in the consolidated financial statements	3,027.78

- B) On January 10, 2012, the Group completed acquisition of Fortis Healthcare International Pte Limited (FHIPL); a Singapore based integrated healthcare delivery company with presence in nine countries. The purchase consideration of the acquisition was ₹ 135,823.54 lacs resulting in goodwill of ₹ 251,330.15 lacs. The purchase consideration for said acquisition to the extent of USD 262.12 million (equivalent to ₹ 135,823.54 lacs) was discharged by issuance of Class B Redeemable Preference Shares of (RPS) USD 1 each by Fortis Asia Healthcare Pte Limited to RHC Financial Services (Mauritius) Limited. The RPS are redeemable on the date falling 18 months from the date of their issuance unless the holder exercises its option for early redemption. The RPS are redeemable at an amount equal to the sum of issue price plus an annual compounded rate of return of 5% on the issue price from the date of issue and allotment until the date of full repayment.

The effect of the acquisition of this subsidiary on the consolidated financial position is as follows:

(₹ in lacs)

Particulars	March 31, 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	113,953.66
Minority Interest	69,825.04
Non-current liabilities	103,675.23
Current liabilities	314,353.32
TOTAL	601,807.25
II. ASSETS	
Non-current Assets	537,018.27
Current assets	64,788.98
TOTAL ASSETS	601,807.25
Total revenue from operations and other income considered in the consolidated financial statements	67,316.57
Profit considered in the consolidated financial statements	1,668.97

- C) During the year, the Company has subscribed 3,000,000 equity shares of ₹ 10/- each at ₹ 100 per share comprising 45% of total equity share capital of Hiranandani Healthcare Private Limited (HHPL) for a total consideration of ₹ 3,000.00 lacs. Prior to this the Company was holding 400,000 equity shares of ₹ 10/- each comprising 40% of total equity share capital of HHPL. Accordingly, HHPL has become a subsidiary of the Company effective June 28, 2011. The resultant goodwill amounted to ₹ 4,984.38 lacs. The effect of the acquisition of the subsidiary on the consolidated financial position is as follows:-

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	(2,689.54)
Non-current liabilities	5,215.26
Current liabilities	5,661.18
TOTAL	8,186.90
II. ASSETS	
Non-current Assets	6,828.64
Current assets	1,358.26
TOTAL ASSETS	8,186.90
Total revenue from operations and other income considered in the consolidated financial statements	5,576.89
Loss considered in the consolidated financial statements	(353.83)

D) During the year, the Group acquired additional 10% equity stake in EHIRCL, a subsidiary of the Group, for a consideration of ₹ 13,000 lacs resulting in additional goodwill of ₹ 10,171.66 lacs.

E) The group, through one of its subsidiary, has entered into Joint Venture agreement with Life Care Services Private Limited Nepal, to carry on the business of operating pathology labs and diagnostics centers in Nepal and, for this purpose, has incorporated Super Religare Reference Laboratories (Nepal) Pvt Ltd. ("SRRL") with 50% interest in assets, liabilities, expenses and income.

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	116.19
Non-current liabilities	12.13
Current liabilities	56.00
TOTAL	184.32
II. ASSETS	
Non-current assets	78.76
Current assets	105.36
TOTAL ASSETS	184.32
Total revenue from operations and other income considered in the consolidated financial statements	133.51
Total expenses considered in the consolidated financial statements	137.11
Loss considered in the consolidated financial statements	(4.61)

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- F) During the year, Fortis Health Management (South) Limited, a subsidiary of the Group, has entered into a Partnership agreement with Dr. Chandrashekar G.R. and Dr. Sarla Chandrashekar on April 27, 2011 with 51% share in assets, liabilities, income and expenses, to provide cardiac care facilities.

The Group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	232.57
Non-current liabilities	177.92
Current liabilities	109.23
TOTAL	519.72
II. ASSETS	
Non-current Assets	474.51
Current assets	45.21
TOTAL ASSETS	519.72
Total revenue from operations and other income considered in the consolidated financial statements	25.80
Total expenses considered in the consolidated financial statements	89.03
Loss considered in the consolidated financial statements	(63.23)

- G) The Group through another subsidiary has also entered into a Joint venture with DDRC SRL Diagnostics Private Limited (formerly known as DDRC Piramal Diagnostic Services Private Limited) with 50% interest in assets, liabilities, expenses and income.

The group's share of the assets, liabilities, income and expenses of the jointly controlled entity for the year ended 31 March are as follows:

(₹ in lacs)

Particulars	As at 31 March 2012
I. EQUITY AND LIABILITIES	
Shareholders' funds	982.88
Non-current liabilities	149.02
Current liabilities	294.96
TOTAL	1,426.86
II. ASSETS	
Non-current assets	1,110.22
Current assets	316.64
TOTAL ASSETS	1,426.86
Total revenue from operations and other income considered in the consolidated financial statements	1,965.73
Total expenses considered in the consolidated financial statements	2,043.82
Loss considered in the consolidated financial statements	(79.10)

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- H) During the current year, the Group sold its 2% stake in a subsidiary, namely, Fortis Emergency Services Limited (subsidiary) to Fortis Healthcare Holdings Private Limited for a lump sum consideration of ₹ 0.10 lacs. Since the subsidiary had accumulated losses of ₹ 1,242.21 lacs until the date of its disposal, which were consolidated in the financial statements as required under AS – 21 “Consolidated Financial Statements”, accordingly, a gain on disposal of investments amounting to ₹ 632.85 lacs has been accounted for in the current year financial statements. Also, these financial statements includes following amounts related to the subsidiary.

(₹ in lacs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Net Loss for the period/year	388.52	594.17

30. Restructuring during the year for business in India

30.1 The Group’s primary business consists of provision of Hospital Services through various entities. The Company initiated internal restructuring within the Group with a view to streamline and focus Group companies’ resources and energies on different divisions and undertakings and to align the business with the internationally emerging trends by moving towards innovative and cost effective methods such as transformation to asset light models. Consequent to the internal restructuring initiated during the year, the business of certain identified hospitals of the Group are being divided into the following two verticals, such that they are managed under different verticals whilst continuing to have mutual interdependencies:

- (i) One vertical (the “Clinical Establishments Division”) will own, maintain and operate clinical establishments (being fully air conditioned institutions established, and specifically customized and duly fitted with all fixtures, fittings, certain medical equipment and infrastructure required for running and operating the hospitals), along with providing services under outpatient division and radio-diagnostic services (hereinafter referred to as the “Clinical Establishment Services”).
- (ii) The other vertical (the “Medical Services Division”) will undertake the business of running the hospital operations, being hereinafter referred to as provision of medical services, including in-patient services and emergency services (“Medical Services”).

30.2 The Group intends to raise long term finance on competition of this restructuring for the resultant Clinical establishment vertical. The Group is currently evaluating various options including considering raising funds through the Singapore Exchange Securities Trading Limited (“SGX-ST”) subject to necessary approvals of the shareholders. The said listing is inter alia dependent on completion of the aforementioned internal restructuring, market conditions and other organizational and regulatory factors. The Group has identified Religare Health Trust (RHT), which is a business trust established in Singapore for the purposes of the proposed listing.

RHT is expected to principally invest in medical and healthcare assets and services in Asia, Australasia and emerging markets in the rest of the world besides developing medical and healthcare assets. The Company is also the “Sponsor” of RHT for the purposes of the proposed listing of RHT on the SGX-ST.

30.3 As part of restructuring, the Group has undertaken following transactions:

- (i) (a) With effect from May 31, 2011, FHM(N)L has acquired the medical services business along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights etc. on a going concern basis by way of a slump sale through Business Transfer Agreement (‘BTA’) from IHL, EHSSHL, EHRCL, FHTL and EHSSIL (various hospital services companies). Post such transfer, these companies continue to

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

provide clinical establishment services, consisting of outpatient services, radiology services and operations of clinical establishment services.

- (b) FHM(N)L and the Hospital Service Companies have agreed that pending effective novation / transfer of all approvals, authorizations, contracts, agreements, etc. to FHM(N)L, the Hospital Service Companies will continue to perform obligations relating to billing and collection relating to IPD business for and on behalf of FHM(N)L. Further, FHM(N)L has borne and paid all expenses and received all revenues for the said business undertaking, even if some of the parties continue to bill in the name of the Hospital Service Companies and pay the amount in the name of the Hospital Service Companies.
- (c) In order to test the feasibility of the new business model, FHM(N)L and clinical establishment entities inter alia have entered into a Trial Phase Services Agreement on January 2, 2012, that is effective from June 1, 2011 on a trial basis to allow FHM(N)L to provide medical and healthcare services, including in-patient services and emergency services at respective hospitals upto March 31, 2012. During this term, the clinical establishment entities shall provide FHM(N)L, on an exclusive principal to principal basis, hospital services including clinical establishment services, outpatient services and radio diagnostic services. In order to allow the clinical establishment entities and FHM(N)L to assess the cost implications and feasibility of this arrangement, all costs relating to operating expenses for provision of the hospital services during the term of this Trial Phase Services Agreement are borne by FHM(N)L.

On the basis of outcome of this agreement, the clinical establishment entities will enter into final hospital service agreement with FHM(N)L on long term basis. Cost and revenue model of final hospital service agreement will be determined on the basis of results of above mentioned agreement and will be agreed on the basis of mutual discussion between both the parties. Accordingly, adjustments, if any, to Minimum Alternate Tax credit entitlement of ₹ 1,046.27 lacs, deferred taxes and the impact thereof would be ascertained on completion of restructuring and signing of final Hospital and Medical Service Agreement.

Further, the parties have agreed that in case final Hospital and Medical Service Agreement is not entered into effective April 1, 2012 due to any reason whatsoever, or any extended period as mutually agreed, the consideration for the trial period will be increased to recover cost plus 20% margin, retrospectively from the effective date of the trial phase hospital services agreement. Considering continuing negotiations no adjustment have arisen on this account.

- (ii) (a) With effect from March 29, 2011, FHML has purchased business division consisting of Nagarbhavi hospital situated at Bangalore including in-patient healthcare services, clinical establishment services, OPD services, radio-diagnostic services and emergency healthcare services along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. from FHsL on a going concern basis by way of a slump sale through Business Transfer Agreement ('BTA').
- (b) FHML and FHsL have agreed that pending effective novation / transfer of all approvals, authorizations, contracts, agreements, etc. to FHML, the FHsL will continue to perform obligations relating to billing and collection for Nagarbhavi hospital for and on behalf of FHML. Further, FHML has borne and paid all expenses and received all revenues for the said business undertaking, even if some of the parties continue to bill in the name of the FHsL and pay the amount in the name of FHsL.
- (iii) (a) With effect from June 1, 2011, KHL has purchased business division consisting of Rajaji Nagar hospital situated at Bangalore including in-patient healthcare services, clinical establishment

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

services, OPD services, radio-diagnostic services and emergency healthcare services along with related moveable assets, net current assets, agreements, licenses and permits, approvals, employees, business and commercial rights, etc. from FHsL on a going concern basis by way of a slump sale through Business Transfer Agreement ('BTA'). FHsL has also transferred open legal cases to KHL as per the BTA.

- (b) KHL and FHsL have agreed that pending effective novation / transfer of all approvals, authorizations, contracts, agreements, etc. to KHL, the FHsL will continue to perform obligations relating to billing and collection for Rajaji Nagar hospital for and on behalf of KHL. Further, KHL has borne and paid all expenses and received all revenues for the said business undertaking, even if some of the parties continue to bill in the name of the FHsL and pay the amount in the name of FHsL.
- (iv) On January 31, 2012, IHL has entered into term sheets with FHsL for purchase of its clinical establishment division including clinical establishments at Kalyan, Mumbai and Anandpur, Kolkata at considerations to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. IHL has also paid advance for ₹ 11,000 lacs to FHsL as per the term sheets. As of balance sheet date, the above mentioned agreements have not been concluded.
- (v) On March 9, 2012, IHL has entered into a term sheet with LHPL for purchase of clinical establishment division, including clinical establishment at Seshadripuram, Bangalore at consideration to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. IHL has also paid advance for ₹ 1,400 lacs to LHPL as per the term sheet. As of balance sheet date, the above mentioned agreements have not been concluded.
- (vi) On February 7, 2012, FHML has entered into a term sheet with FMHL for purchase of clinical establishment division, including clinical establishment at Chennai hospital at consideration to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. FHML has also paid advance for ₹ 6,500 lacs to FMHL as per the term sheet. As of balance sheet date, the above mentioned agreements have not been concluded.
- (vii) On March 9, 2012, KHL has entered into a term sheet with FHsL for purchase of clinical establishment division, including clinical establishment at Mulund hospital in Mumbai and Banerghatta Road hospital in Bengaluru for at consideration to be mutually decided by the parties based on acceptable valuations. The parties have agreed to finalize and execute a definitive business transfer agreement to implement the proposed transfer on or prior to the expiry of 6 months from the date of the term sheet. KHL has also paid advance for ₹ 17,600 lacs to FHsL as per the term sheet. As of balance sheet date, the above mentioned agreements have not been concluded.
- (viii) Further, investments in shares of certain companies have been sold / purchased within Group as part of the internal structuring as follows:
 - (a) IHL sold 25,500 equity shares of ₹ 10 each representing 51% of shares in FESL to FHsL for ₹ 2.55 lacs at book value.
 - (b) IHL sold 545,624 equity shares of ₹ 10 each representing 67.23% of shares in LHPL to FHM(S) L for Rs 617.75 lacs at book value

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- (c) IHL sold 66,000,000 ordinary shares of MUR 10 each representing 66.67% of shares in Fortis Healthcare International Limited ("FHIL") with book value of ₹ 10,032.67 lacs to FHL for ₹ 10,050 lacs based on valuation, mutually agreed.
- (d) IHL sold 360,000 equity shares of ₹ 10 each representing 60% of shares in FC-Doc to FHM(N) L for ₹ 144 lacs at book value
- (e) IHL gifted 11,752,402 equity shares of ₹ 10 each representing 63.20% of shares in FMHL with book value of ₹ 3,738.38 lacs to FHL
- (f) FHL sold 4,425,123 equity shares of ₹ 100 each representing 100% of shares in IHL to FHML for ₹ 6,021.09 lacs at book value.
- (g) EHIRCL sold 29,701,050 equity shares of ₹ 10 each representing 100% of shares in EHSSIL to FHML for ₹ 4,925.19 lacs based on valuation, mutually agreed.
- (h) FHL sold 143,947,378 equity shares of ₹ 10 each representing 49% of shares in FHTL to FHML for ₹ 37,728.39 lacs based on valuation, mutually agreed.
- (i) FHL sold 1,392,520 preference shares of ₹ 10 each in EHSSHL to FHML for ₹ 1,100.09 lacs based on valuation, mutually agreed.

Also, FHML purchased 51,000 equity shares of ₹ 10 each representing 100 % of shares in Hospitalia Eastern Private limited ('HEPL') from the holding company of FHL for ₹ 6.99 lacs. Thus, effective October 1, 2011, HEPL became a subsidiary of the Company.

- (ix) In order to give effect to the above structure, Fortis Global Healthcare Infrastructure Pte Limited ("FGHIPL"), one of the step down subsidiaries of the Company incorporated in Singapore (wholly owned subsidiary of FHIL, which is wholly owned subsidiary of FHL, registered in Mauritius), subscribed to 48% equity shares of Kanishka Healthcare Limited ("KHL") and 48.98% equity shares of Fortis Health Management Ltd ("FHML"). Subsequently, the share capital of FGHIPL was transferred by FHIL to Religare Healthcare Trust Trustee Managers Pte. Limited ("RHTTM") (acting in its capacity as trustee manager of RHT), resulting in FGHIPL becoming wholly owned subsidiary of RHT, for which FHIL received 3,100 units in RHT as consideration for the said transfer. Accordingly, FHIL became the 100% unit holder and sole beneficiary of the issued units in RHT.

30.4 As on the balance sheet date:

- (i) the company through its wholly owned subsidiary FHIL, is the sole owner of 100% of issued units of RHT;
- (ii) the company, through holding 100% RHT units as above, is the sole beneficial owner of the equity share capital of FGHIPL, though such equity shares of FGHIPL are legally registered in the name of Religare Health Trust Trustee Managers Pte Limited (RHTTM), in its capacity as a trustee manager in accordance with the applicable legal requirements;
- (iii) the company (directly or through its subsidiaries, including its beneficial sole ownership in FGHIPL) holds 100% beneficial ownership of the equity share capital of KHL and FHML, which in turn holds 100% equity of other HSCs, resulting in control of operations and management residing with the company in KHL, FHML and other HSCs;
- (iv) These entities are accordingly been consolidated in these financial statements.

30.5 Subsequent to the balance sheet date, RHT has been granted, through a letter dated May 24, 2012 issued by SGX, a conditional 'eligibility to list' for listing on the main board of the SGX-ST.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**31. Particulars of Unhedged Foreign Currency Exposure:**

(Amount in lacs)

Particulars	Foreign Currency	March 2012		March 2011	
		Foreign Currency Amount	₹	Foreign Currency Amount	₹
Trade payables	USD	11.03	566.35	-	-
	Euro	0.30	20.36	-	-
	SGD	9.38	380.65	-	-
Bank balances	HKD	8.17	53.64	-	-
	AUD	1.07	56.69	-	-
	SGD	17.45	707.90	-	-
	VND	2.48	0.01	-	-
	USD	5.20	265.02	45.00	2,006.42
Trade receivables	USD	2.28	118.32	-	-
	SGD	10.58	429.30	-	-
Advance from Customers	Euro	0.04	2.57	-	-
	USD	0.08	4.18	-	-
EEFC Accounts	Euro	0.00	0.15	-	-
	USD	0.12	6.14	-	-
Cash balances	AED	0.01	0.15	-	-
	Euro	0.01	0.71	-	-
	USD	0.00	0.07	-	-
	GBP	0.00	0.08	-	-
	SGD	0.00	0.08	-	-
Letter of Credit	Euro	0.34	23.47	-	-
	USD	0.03	1.53	6.24	278.20
Buyers Credit	USD	22.23	1,132.61	-	-
Foreign Currency Loans					
- Loans taken	Euro	2.04	139.07	-	-
	USD	1,096.69	55,870.73	1,043.95	46,546.74
- Loans given	SGD	144.28	5,852.37	-	-
	USD	-	-	951.60	42,429.33

32. Forward Contract

The Company has taken foreign currency derivative instrument to hedge its foreign currency risk. The outstanding position of derivative instruments as on March 31, 2012 is as under:

Particulars of Derivatives	(₹ in lacs)	Purpose
Outstanding Forward Contracts -Buy: Singapore Dollar (SGD) 4,500,000	1,895.60	Foreign currency loans
Outstanding Forward Contracts -Buy US Dollar (USD) 60,000,000	30,212.70	Foreign currency loans
Interest rate swaps -Hong Kong Dollar (HKD) 6,131,000	402.62	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest @ 1.81 to 1.85%% p.a. and receive a variable interest @ Hibor plus 4.5% on the loan amount.
-Australian Dollar (AUD) 105,240,000	5,571.92	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed interest and receive a variable interest on the loan amount.

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- 33.** Share application money, as on March 31, 2011, was received towards employee stock option plan of the Company. 10,800 shares have been issued at ₹ 71 including premium of ₹ 61 and 2,000 shares have been issued at ₹ 77 including premium of ₹ 67 on April 12, 2012. The Company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money.
- 34.** During the financial year ending March 31, 2008, FHSL received share application money of ₹ 341.50 lacs from its holding company Fortis Healthcare Holdings Private Limited, which is pending allotment. It has been decided to repay the allotment money to Fortis Healthcare Holdings Private Limited in the next financial year, hence it has been included in 'other current liabilities' under the head 'other liabilities'.
- 35.** The Group has subscribed to 98,000 Ordinary Shares of Fortis Medicare International Limited of USD 1 each during the previous year, the details of which are given below:

(₹ in lacs)

Particulars	March 31, 2012	March 31, 2011
Cost of Investment	47.68	47.68
Share in losses for the current year	56.64	857.69
Share in post-acquisition losses upto the beginning of the year	857.69	-
Exchange translation adjustments	6.04	-
Payable against losses of associate	860.61	810.01

The Group has entered into an agreement with the shareholders of FMIL, as per which Group has committed to make payments on behalf of associate to satisfy obligations of it.

36. Previous Year Comparatives

The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Pankaj Chadha
Partner
 Membership No.: 91813

For and on behalf of the Board of Directors

Malvinder Mohan Singh
 Executive Chairman

Shivinder Mohan Singh
 Executive Vice Chairman

Rahul Ranjan
 Company Secretary

Sandeep Puri
 Chief Financial Officer

Place : Gurgaon
 Date : May 28, 2012

Place : Gurgaon
 Date : May 28, 2012

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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